SENATE

THURSDAY, AUGUST 5, 1948

Rev. Bernard Braskamp, D. D., pastor of the Gunton-Temple Memorial Presbyterian Church, Washington, D. C., offered the following prayer:

O Thou God of all goodness, we are again coming unto Thee in prayer, encouraged by every gracious invitation in Thy holy word and compelled by many needs which Thou alone canst supply.

Wilt Thou bless in some special way the chosen representatives of our Republic who have been entrusted with the affairs of Government. May they daily come to the sacrament of public service richly endowed with clear judgment and wise decision.

Help us to believe that it is our high calling as a nation to bring the blessings of democracy and freedom to all mankind. Hasten the day when the chasms which divide the numbers of the human family shall be bridged by friendship and good will.

Hear us in the name of the Prince of Peace. Amen.

THE JOURNAL

On request of Mr. WHERRY, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, August 4, 1948, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Nash, one of his secretaries.

ORDER OF BUSINESS

Mr. RUSSELL. Mr. President, I wonder if the distinguished majority leader will be kind enough to give the Senate some idea of what is contemplated in the way of business today.

Mr. WHERRY. Inasmuch as the Senate adjourned last night, we are proceeding in the morning hour. There will not, of course, be a call of the calendar. There are several matters which I think should be taken up. I have been informed almost hourly that there would be ready a bill from the Banking and Currency Committee, and I had hoped it would be here by this time and that it could come up immediately for consideration and discussion. I think that will happen before long. So it was my idea that the Senate should proceed with the business of the morning hour, such as the introduction of bills, insertions in the RECORD, and short statements which Senators might like to make. There are one or two Senators who would like to make speeches, but I hope that we may be shortly able to take up the bill, which I am satisfied will be reported, provided unanimous consent can be obtained for its consideration.

Mr. RUSSELL. Mr. President, I should like to have the acting majority leader, if he will, enter into a unanimous-consent agreement as to the order of business at the conclusion of the morning hour. I have no desire whatever to delay the business of the Senate; indeed, I am anxious in every way to expedite it, and I think we could expedite it greatly if there were a unanimous-consent agreement as to the status of business under the application of the Senate rules upon the conclusion of the morning hour.

Mr. WHERRY. Mr. President, I have no objection to proposing a unanimous-consent agreement if it will expedite the business of the Senate. I therefore ask unanimous consent that upon the conclusion of the morning business, or at not later than the hour of 1 o'clock, the morning hour be deemed to have expired, and that the Presiding Officer thereupon lay before the Senate the unfinished business; namely, Senate bill 2644, the civil transport aircraft bill.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Nebraska?

Mr. PEPPER. Mr. President, I inquire, What is the effect of the unanimous-consent agreement? Does the bill referred to become the pending business?

Mr. WHERRY. Yes; at the conclusion of the morning business, or not later than 1 o'clock.

Mr. PEPPER. Mr. President, I should like to make a further inquiry, if the Senator will permit me. Then that bill will have the status of any other bill that comes before the Senate as the unfinished business.

Mr. WHERRY. Yes; it will be the pending business.

Mr. BARKLEY. Mr. President, I am not going to object to the request, but I should like to make a parliamentary inquiry. At the conclusion of the morning business, would not the unfinished business be automatically laid before the Senate?

Mr. WHERRY. Ordinarily it would at 2 o'clock; but if the agreement is entered into, then it would come before the Senate at not later than 1 o'clock.

The PRESIDENT pro tempore. The Senator from Nebraska is correct.

Is there objection to the unanimous-consent agreement proposed by the Senator from Nebraska? The Chair hears none, and the order is made.

REPORT ON LABOR DISPUTE IN BITUMINOUS COAL INDUSTRY—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 738)

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States, which was read and, with the accompanying papers, referred to the Committee on Labor and Public Welfare.

(For President's message, see today's proceedings of the House of Representatives.)

PETITIONS

Petitions, etc., were laid before the Senate and referred as indicated:

By the PRESIDENT pro tempore:

A letter in the nature of a petition from Lester Giffen, of Wendover, Utah, praying for the enactment of legislation to provide price controls; to the Committee on Banking and Currency.

A resolution adopted by AMVET Post No. 14 of World War II, of Macon, Ga., favoring the enactment of legislation providing adequate housing for veterans; to the Committee on Banking and Currency.

A letter in the nature of a petition from Mrs. Serena Flavin, of Glen Carbon, Ill., praying for the enactment of legislation providing relief for the teachers and the Glen Carbon Public School, Illinois; to the Committee on Labor and Public Welfare.

A cablegram in the nature of a petition from the Council of Voluntary Agencies, United States Zone, APO 407, urging immediate action to implement the Displaced Persons Act of 1948; to the Committee on the Judiciary.

CONTROL OF PRICES, ETC.—PETITIONS

Mr. MYERS. Mr. President, I ask unanimous consent to present for appropriate reference numerous petitions signed by sundry citizens of the State of Pennsylvania, praying for the enactment of legislation relating to rising prices, rent control, housing, minimum wage, social security, and labor, and I request that one of the petitions be printed in the RECORD without the signatures attached.

The PRESIDENT pro tempore. Without objection, the petitions will be received and referred to the Committee on Banking and Currency, and one of the petitions will be printed in the RECORD without the signatures attached.

The petition is as follows:

We, the undersigned, members of local 181, Textile Workers Union of America, CIO, Hazleton, Pa., urge that the special session of Congress take action on the following important issues:

1. Cost of living: Measures should be adopted to control rising prices, which have increased 30 percent since the end of OPA in June 1946.

2. Rent control: The present rent-control law should be strengthened and extended beyond the present deadline.

3. Housing: Congress should provide Federal aid for low-cost housing and local slum clearance by passing the Wagner-Ellender-Taft bill.

4. Minimum wage: The minimum wage, which has not been changed since 1938, should be raised from 40 to 75 cents an hour.

5. Social security: The social-security law of 1935 should be amended to increase the amount of benefits paid and to extend the number of workers covered by the law.

6. Labor legislation: Congress should take action immediately to repeal the vicious Taft-Hartley Act, which has needlessly complicated union-management relations at the expense of organized labor.

THE HIGH COST OF LIVING—RESOLUTION OF CITY COUNCIL OF FRANKLIN, N. H.

Mr. TOBEY. Mr. President, I ask unanimous consent to present for appropriate reference and to have printed in the RECORD a telegram signed by Eugene S. Daniell, Jr., mayor of Franklin, N. H., embodying a resolution adopted by the council of the city of Franklin relating to the high cost of living.

There being no objection, the telegram was received, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

FRANKLIN, N. H., *August 3, 1948.*

Senator CHARLES W. TOBEY,
Senate Office Building,
Washington, D. C.:

Resolution relating to the present high cost of living

Whereas the cost of food (particularly meat), clothing, and the other necessities of

life has risen so rapidly as to sharply reduce the living standard of the citizens of this city, and to seriously endanger the welfare and health of many; and

Whereas Congress is now in session and both major political parties have pledged a remedy to this situation: Therefore be it

Resolved, That the Council of the City of Franklin unanimously urges and petitions the Congress of the United States to take immediate and effective steps to remedy this situation; and be it further

Resolved, That copies of this resolution be sent by telegram to Senators CHARLES W. TOBEY and STYLES BRIDGES and Congressmen CHESTER E. MERROW and NORRIS COTTON for whatever action they deem most expedient.

Approved.

EUGENE S. DANIELL, Jr., *Mayor.*

Passed August 1948.

A true copy.

Attest:

MILDRED S. GILMAN,
City Clerk.

REQUEST FOR HEARING ON HOUSING AND ANTI-INFLATION MEASURES

Mr. SPARKMAN. Mr. President, I ask unanimous consent to have inserted in the RECORD a telegram which I have received today from H. W. Fraser, chairman, Railway Labor Executives Association, asking to be heard on any new housing measure or anti-inflation measure which may be considered at the special session.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

COLORADO SPRINGS, COLO., *August 5, 1948.*

Hon. J. J. SPARKMAN,
Senate Office Building,
Washington, D. C.:

Railway labor regards as imperative the passage of adequate housing and anti-inflation measures before the special session adjourns. I urge you and your associates on behalf of a million and a quarter railroad workers to press for action on these two basic problems. We must have good laws on both if our economy is to avoid increasing difficulties in the months immediately ahead. Our people desire to be heard on any new housing measure or any anti-inflation measure which this special session may consider. Please address reply to 1412 East Pikes Peak Avenue, Colorado Springs, Colo. Same telegram to the Honorables CHARLES W. TOBEY and J. J. SPARKMAN of the Senate and JESSE P. WOLCOTT and BRENT SPENCE of the House.

H. W. FRASER,
Chairman, Railway Labor Executives Association.

RELATIONS WITH INTERNATIONAL ORGANIZATIONS—AUTHORITY FOR COMMITTEE TO FILE ADDITIONAL REPORTS

Mr. IVES. Mr. President, the Subcommittee on Relations With International Organizations of the Committee on Expenditures in the Executive Departments is presently engaged in a study and analysis of all legislation enacted by the Eightieth Congress, first and second sessions, dealing with United States relations with international organizations.

The subcommittee expects to present this material in the form of a report to the Senate within the next 6 weeks. Inasmuch as we do not now know definitely what additional legislation of this type may be enacted by the present special session, and inasmuch as the duration of the special session is still uncertain, I request unanimous consent to file additional reports of the Committee on Expenditures in the Executive Departments during the recess period.

The PRESIDENT pro tempore. Without objection, consent is granted.

EXECUTIVE MESSAGE REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States submitting sundry nominations, which were referred to the Committee on Foreign Relations.

(For nominations this day received, see the end of Senate proceedings.)

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and by unanimous consent, the second time, and referred as follows:

By Mr. BROOKS:

S. 2928. A bill for the relief of Seweryn Cajtung, Masza Cajtung, Ryszard Cajtung, Stefa Pizyc, and Frania Goldberg; to the Committee on the Judiciary.

By Mr. MAGNUSON:

S. 2929. A bill for the relief of Victor A. Gorenko; to the Committee on the Judiciary.

By Mr. WILEY:

S. 2930. A bill for the relief of Miklos Kenedi; to the Committee on the Judiciary.

(Mr. BALL introduced Senate Joint Resolution 239, to provide for an extension of time within which the Joint Committee on Labor-Management Relations shall make its final report, which was passed, and appears under a separate heading.)

EXTENSION OF TIME FOR JOINT COMMITTEE ON LABOR-MANAGEMENT RELATIONS TO FILE REPORT

Mr. BALL. Mr. President, at a meeting of the Joint Committee on Labor-Management Relations this morning, the committee agreed unanimously that in view of the over-all situation it would be wise to ask for an extension of time for that committee in which to make its final report on the Taft-Hartley Act. The present requirement is that we make our report by January 2, 1949. It was unanimously agreed that that would not give us sufficient time, and that it would be difficult to get the members of the committee back in December of this year. We have agreed unanimously to ask for an extension until March 1, 1949. It does not require additional funds. The committee has sufficient funds with which to carry on for the extra 2 months. I am sure we can make a better report if we do not have to proceed with only a partial committee working on it here in December. I send to the desk a joint resolution and ask unanimous consent that the rules be suspended so that it may be immediately considered.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Minnesota?

There being no objection, the joint resolution (S. J. Res. 239) to provide for an extension of time within which the Joint Committee on Labor-Management Relations shall make its final report was read the first time by its title and the second time at length, as follows:

Resolved, etc., That section 403 of Title IV of the Labor-Management Relations Act, 1947, is amended by striking out the words "January 2, 1949" and inserting in lieu thereof the words "March 1, 1949."

The PRESIDENT pro tempore. Is there objection to the present consideration of the joint resolution?

There being no objection, the joint resolution was considered, ordered to be engrossed for a third reading, read the third time, and passed.

EXPOSURE OF COMMUNIST ACTIVITIES

[Mr. WILEY asked and obtained leave to have printed in the RECORD a statement prepared by him on the subject of the exposure of Communist activities in government, which appears in the Appendix.]

JAMES E. WATSON

[Mr. JENNER asked and obtained leave to have printed in the RECORD a poem in tribute to the late Honorable James E. Watson, former Senator from Indiana, by Mark E. Winings, of Elwood, Ind., which appears in the Appendix.]

TRIBUTE TO JOSEPHUS DANIELS BY L. P. McLENDON

[Mr. PEPPER asked and obtained leave to have printed in the RECORD a tribute to the late Josephus Daniels by Mr. L. P. McLendon, which appears in the Appendix.]

THE POLL-TAX FILIBUSTER—EDITORIAL FROM THE NEW YORK TIMES

[Mr. PEPPER asked and obtained leave to have printed in the RECORD an editorial entitled "The Poll-Tax Filibuster," published in the New York Times of July 31, 1948, which appears in the Appendix.]

THE SPECIAL SESSION OF CONGRESS—EDITORIAL FROM THE NEW YORK TIMES

[Mr. PEPPER asked and obtained leave to have inserted in the RECORD an editorial entitled "A Week on Capitol Hill," from the New York Times of August 1, 1948, which appears in the Appendix.]

FILIBUSTERS IN THE SENATE—EDITORIAL FROM THE TAMPA (FLA.) TRIBUNE

[Mr. PEPPER asked and obtained leave to have printed in the RECORD an editorial entitled "Filibusters in the Senate," published in the Tampa (Fla.) Tribune, which appears in the Appendix.]

SENATOR PEPPER, OF FLORIDA—EDITORIAL FROM THE JEWISH FLORIDIAN

[Mr. MURRAY asked and obtained leave to have printed in the RECORD an editorial entitled "Senator CLAUDE PEPPER," published in the Jewish Floridian (Miami, Fla.), July 23, 1948, which appears in the Appendix.]

TRIBUTES TO KENNETH W. SIMONS, LATE EDITOR OF BISMARCK (N. DAK.) TRIBUNE

[Mr. YOUNG asked and obtained leave to have printed in the RECORD a statement prepared by him and a statement by M. J. Connolly, secretary of the North Dakota Automobile Club, and assistant secretary of the Greater North Dakota Association, in tribute to the late Kenneth W. Simons, editor of the Bismarck (N. Dak.) Tribune, which appear in the Appendix.]

INTERNATIONAL WHEAT AGREEMENT—STATEMENT BY FARM LEADERS

[Mr. YOUNG asked and obtained leave to have printed in the RECORD a statement

signed by A. S. Goss, master of the National Grange; Allan B. Kline, president of the American Farm Bureau Federation; and James Patton, president of the National Farmers Union, relative to the International Wheat Agreement, together with a synopsis of questions and answers relating thereto, which appear in the Appendix.]

THE LIBERTY BELL—ARTICLE BY FRED BRENCKMAN

[Mr. KEM asked and obtained leave to have printed in the RECORD an article entitled "The Liberty Bell" written by Fred Brenckman, and published in the National Grange Monthly, which appears in the Appendix.]

DEMOCRATIC PARTY PROGRAM—ARTICLE BY DORIS FLEESON

[Mr. ROBERTSON of Wyoming asked and obtained leave to have printed in the RECORD an article entitled "Impulse to Suicide," written by Doris Fleeson and published in the Washington Evening Star of August 4, 1948, which appears in the Appendix.]

CONSUMER CREDIT OUT OF HAND—ARTICLE FROM THE NEW YORK TIMES

[Mr. MYERS asked and obtained leave to have printed in the RECORD an article entitled "Consumer Credit Held 'Out of Hand'," written by Greg McGregor, and published in the New York Times of August 1, 1948, which appears in the Appendix.]

REIMPOSITION OF CURBS ON CONSUMER CREDIT—EDITORIAL FROM THE PITTSBURGH POST-GAZETTE

[Mr. MYERS asked and obtained leave to have printed in the RECORD an editorial entitled "One Inflation Check," published in the Pittsburgh Post-Gazette of July 23, 1948, which appears in the Appendix.]

RUSSIAN PROPAGANDA FEEDS ON AMERICAN FEUDS—LETTER FROM W. J. LITTRELL

[Mr. EASTLAND asked and obtained leave to have printed in the RECORD a letter written by W. J. Littrell of Laurel, Miss., which appears in the Appendix.]

THE THIRD PARTY—ARTICLE BY ALFRED BAKER LEWIS

[Mr. McMAHON asked and obtained leave to have printed in the RECORD an article entitled "Truman Following F. D. R.'s Policies; Third Party Hit," written by Alfred Baker Lewis, a member of the American Federation of Teachers, which appears in the Appendix.]

PROPOSED NOMINATION OF WILLIAM O. DOUGLAS TO BE PRESIDENT

[Mr. TAYLOR asked and obtained leave to have printed in the RECORD telegraphic correspondence between Chester Bowles, Leon Henderson, and Walter Reuther, and Mrs. Elliott Dexter, of Encino, Calif., regarding the proposed nomination of William O. Douglas as Democratic nominee for President, which appears in the Appendix.]

FEDERAL CIVILIAN EMPLOYMENT—STATEMENT BY ALVIN A. BURGER

[Mr. HAWKES asked and obtained leave to have printed in the RECORD a statement by Alvin A. Burger entitled "Federal Civilian Employees Keeps Going Up," which appears in the Appendix.]

HIGH PRICES AND THE COST OF LIVING

[Mr. MAGNUSON asked and obtained leave to have printed in the RECORD certain letters and telegrams addressed to him relating to proposed anti-inflation and other legislation as well as a letter addressed by him under date of August 3, 1948, to the Senator from New Hampshire [Mr. TOBEY], which appear in the Appendix.]

STATES' RIGHTS AND CIVIL RIGHTS—ARTICLE BY J. A. THIGPEN

[Mr. EASTLAND asked and obtained leave to have printed in the RECORD a statement entitled "States' Rights—Civil Rights. What Is It All About?" written by J. A. Thigpen, member of the House of Representatives of Mississippi, which appears in the Appendix.]

APPOINTMENT OF JUDGE J. WATIES WARING

Mr. MAYBANK. Mr. President, on August 3, 1948, there appeared in the Charleston News and Courier, in my native city, an article which says that a statement by me in connection with the appointment of Judge J. Waties Waring was not correct. I ask unanimous consent that the article be printed in the RECORD at this point.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

"COTTON ED" SMITH'S SON SAYS MAYBANK NOMINATED WARING

LYNCHBURG, August 2.—There may be some confusion in other parts over the currently hot question of "Who recommended Judge Waring?", but not the slightest doubt exists in the mind of Farley Smith, son of the late Senator Ellison D. (Cotton Ed) Smith.

Recommendation of Federal judges rests with each State's senators, Mr. Smith said, adding that at the time of Judge J. Waties Waring's appointment (December 19, 1941), South Carolina's Senators were his father and Senator BURNET R. MAYBANK.

"It most assuredly was not my father who recommended him and there was only one other man who could have done so: Senator MAYBANK."

The issue was raised the last time by United States Representative W. J. BRYAN DORN, a candidate for Senator MAYBANK's Senate seat. In a campaign speech at Greenwood on Wednesday, Mr. DORN referred to a previous statement by Senator MAYBANK that Judge Waring was appointed on the recommendation of Senator Smith.

Then Mr. DORN said he had talked with "Smith's son and daughter and they were shocked and amazed" that their father's name "was brought into the race in such a manner."

Tonight Senator Smith's son, Farley, now a candidate for election to the State house of representatives, said Mr. DORN had quoted his sentiments in the matter with complete accuracy.

"Everybody knows that my father was an outspoken critic of President Roosevelt's New Deal," Mr. Smith declared. "President Roosevelt attempted to 'purge' him in 1938. Roosevelt told my father in the presence of witnesses that he (Senator Smith) would never get to name anybody to another Federal job.

"After that, my father couldn't have had a post-office clerk appointed. His last appointment of a Federal judge was Judge Alva Lumpkin.

"Any statement that my father recommended Judge Waring is absolutely erroneous.

"Furthermore, Waring was not my father's first, second, third, fourth, or fifth choice. If Waring's name had gone down as No. 1 on my father's list he never would have been appointed.

"Anybody who had my father's stamp of approval would have been marked for defeat from the start.

"There were only two people who could have made the recommendation: My father and Senator MAYBANK, and it wasn't my father."

A newspaper account dated November 28, 1941, and published in the News and Courier, said that Senator Smith, cognizant of his unpopularity with the New Deal, refused to recommend any single individual. Instead, he prepared a list of 10 lawyers whom he considered "well qualified" and sent them to Senator MAYBANK.

The newspaper account said that "Senator MAYBANK, waiting to submit a list, is believed to have taken his senior colleague at his word and said, in effect, 'O. K., Waties Waring suits me'."

Mr. MAYBANK. Mr. President, at no time have I stated that the appointment of Judge Waring was made solely upon the recommendation of Senator Smith. I stated, "I joined with Senator Smith in recommending the appointment of Judge Waring, who at that time was conceded to be a stanch and loyal Democrat of the Jeffersonian school." I further stated that Senator Smith had recommended Mr. Waring to be judge before I was ever a United States Senator.

Mr. President, I have the official documents showing the basis for my statement, as follows:

Exhibit 1: The original letter signed by the Attorney General.

Exhibit 2: My reply to the Attorney General's letter.

Exhibit 3: The Attorney General's reply to me.

Exhibit 4: The letter the Attorney General wrote to the chairman of the Senate Judiciary Committee, Senator Van Nuys, January 9, 1942, copy of which I obtained from Mr. Young, of the committee, yesterday.

I ask that these letters be printed in the RECORD at this point.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

EXHIBIT 1

OFFICE OF THE ATTORNEY GENERAL,
Washington, D. C., November 7, 1941.

Hon. BURNET R. MAYBANK,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: Pursuant to our conversation this morning, there is attached a list of names that were submitted to this Department in November of 1940 by former Senator Byrnes for consideration in connection with the judicial vacancies in South Carolina.

On October 1 of this year Senator Smith called at this office and submitted a list of names for consideration. This list is also attached. There is some duplication in the names.

There is also attached a summary of such information as we have on each of these candidates.

With kind regards.

Sincerely,

FRANCIS BIDDLE,
Attorney General.

EXHIBIT 2

NOVEMBER 10, 1941.

Hon. FRANCIS BIDDLE,
Attorney General,
Department of Justice,
Washington, D. C.

DEAR MR. ATTORNEY GENERAL: Thanks for sending me the list of persons recommended by Senator Smith for judge in South Carolina.

I would agree to the confirmation of any one of the gentlemen named by Senator Smith, or any lawyer in South Carolina, who, after investigation, is nominated by the President.

The first vacancy created was in the eastern district. The second man on the list recommended by Senator Smith is Mr. J. Waties Waring, of Charleston. I join in this recommendation by Senator Smith of Mr. Waring for judge of the eastern district.

As to the appointment of a judge for the eastern and western districts, the headquarters of this judge are in Columbia. I recommend for the appointment Mr. George Bell Timmerman, of Lexington, S. C. Lexington is approximately 15 miles from Columbia.

The name of Mr. Timmerman does not appear on the list submitted by Senator Smith, but I know that Mr. Timmerman has been a friend and political supporter of Senator Smith, and I feel satisfied he will have no objection to him. His qualifications are testified to by many lawyers and judges, whose endorsements have been filed with the Department.

Sincerely yours,

BURNET R. MAYBANK.

EXHIBIT 3

OFFICE OF THE ATTORNEY GENERAL,
Washington, D. C., November 14, 1941.

Hon. BURNET R. MAYBANK,
United States Senate,
Washington, D. C.

MY DEAR SENATOR MAYBANK: Thank you very much for writing me about your suggestions for filling the vacancies in South Carolina, which I shall discuss with the President at the earliest opportunity.

Sincerely yours,

FRANCIS BIDDLE.

EXHIBIT 4

JANUARY 9, 1942.

Hon. FREDERICK VAN NUYS,
Chairman, Judiciary Committee of the Senate, United States Senate,
Washington, D. C.

MY DEAR SENATOR: There is now pending before the Judiciary Committee of the Senate a nomination in favor of Hon. J. Waties Waring to be United States district judge for the eastern district of South Carolina, and a nomination in favor of Hon. George Bell Timmerman to be United States district judge for the eastern and western districts of South Carolina. These nominations were submitted to the President after careful investigation and study, following the recommendations of both Senators of South Carolina.

On October 1, 1941, Senator E. D. Smith, together with his son, Mr. E. D. Smith, Jr., who, I understand, serves as his secretary, called at this Department to discuss the appointments and left a memorandum containing nine names. The Senator stated that the selection of any one of the names mentioned would be highly agreeable to him. In response to a request that he name his first three choices, he designated Mr. Christie Benet, Mr. Waties Waring, and Mr. Angus H. Macaulay. There is attached a photostatic copy of the memorandum which Senator Smith left, with notations made as to these choices. This was done in his presence and at his direction.

Thereafter, Senator Smith from time to time wrote a letter in behalf of other prominent lawyers of South Carolina, indicating that he would interpose no objection should they be selected for one or the other of these judicial posts. On November 27, Mr. Linton M. Collins, Acting Assistant to the Attorney General, saw Senator Smith in his office. At that time the Senator urged that some action be taken early, and mentioned the names of Mr. Waring and Mr. Timmerman, indicating that they were acceptable. At the request of Mr. Collins, Senator Smith wrote a letter on that date, in which he stated that he would have no objection to the confirmation of Mr. Timmerman. A photostatic copy of that letter is attached for your information.

On the morning of December 4, I personally called upon Senator Smith at his office and advised him that after careful study of all the candidates I believed that Mr. Waring and Mr. Timmerman were the best choices and that I would recommend their nominations. He gave me full assurances that he would interpose no objection to their confirmation and indicated that he thought they were splendid selections.

This information is forwarded to you for your consideration in connection with the confirmation of these nominations. I sincerely hope that there may be an early approval by your committee, followed by favorable action in the Senate.

With kind personal regards,

Sincerely,

FRANCIS BIDDLE,
Attorney General.

Mr. MAYBANK. Mr. President, after Senator Smith had made the recommendation, Mr. Benet called on me at the Governor's Mansion while I was Governor, just before I became United States Senator, and again called upon me in Washington, and asked me to help in every way I could to have Mr. Waring appointed.

After Mr. Benet requested me to cooperate with Senator Smith in having Mr. Waring appointed, and since Mr. Waring was Senator Smith's second choice, I agreed. While I cooperated with Senator Smith, never once did I speak to President Roosevelt regarding the appointment, nor did I discuss the matter with him at any time.

Let me add that I have the greatest respect for the memory of my former distinguished colleague, Senator Smith, and I know if he had lived he would verify my statement. He and I worked together in the United States Senate for more than 4 years without any dissension.

In justice to myself, I felt I should call attention to the records of the Judiciary Committee of the Senate and the Department of Justice.

I have the records showing the executive nomination, the notice of the hearing, and the confirmation.

I might say that the records of the Committee on the Judiciary, which I read in the committee, show that the Senator from Arizona [Mr. MCFARLAND], was the chairman of the subcommittee, and that the Senator from Wisconsin [Mr. WILEY], the distinguished chairman of the committee, was present at the meeting, the other member of the subcommittee having been Senator Murdock, of Utah, who is no longer a Member of the Senate.

I am certain that the Senator from Arizona is fully familiar with the facts I have stated. He called on me to come to the meeting, but I did not go, and he called Senator Smith to attend the meeting, and Senator Smith appeared at the meeting in behalf of Judge Waring. That is the record of the Committee on the Judiciary. I have already submitted the correspondence for the RECORD.

Mr. McFARLAND. Mr. President, I ask unanimous consent to address the Senate for 1 minute.

The PRESIDENT pro tempore. Is there objection? The Chair hears none.

Mr. McFARLAND. Mr. President, in regard to the nomination of Judge Waring, to which the Senator from South Carolina [Mr. MAYBANK] has just referred, I wish to state that I was appointed by the then chairman of the Judiciary Committee to be chairman of a subcommittee to consider this nomination, and notice was given of the hearing on the nomination, as provided for by the rules of the Judiciary Committee. No one appeared at that hearing. I telephoned the junior Senator from South Carolina [Mr. MAYBANK] and asked him if he cared to appear; but he informed me that he was willing to stand by whatever the then senior Senator from South Carolina, Mr. Smith, might recommend in regard to the nomination. The senior Senator from South Carolina appeared before the full committee in behalf of Judge Waring, and endorsed his nomination. It is my opinion that the nomination of Judge Waring would not have been confirmed had Senator Smith not approved it. I say that because of the high esteem in which Senator Smith was held by the members of the Judiciary Committee and by the Senate.

THE INTERNATIONAL WHEAT AGREEMENT—EDITORIAL FROM THE NEW YORK TIMES

Mr. LODGE. Mr. President, I desire to be recognized for 5 minutes.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the Senator from Massachusetts is recognized.

Mr. LODGE. The first matter I desire to read is an editorial from the New York Times under date of Wednesday, August 4, 1948, entitled "The Wheat Agreement." Inasmuch as this is one of the matters now pending in the Congress, I believe Senators will be interested to hear this brief editorial which I think succinctly expresses some of the reasons why this matter should not be taken up now. I am not speaking of its fundamental merits for the future. I read the editorial, as follows:

[From the New York Times of August 4, 1948]

THE WHEAT AGREEMENT

Commenting on the nine "miscellaneous" matters listed by the President last week as requiring legislation at the present special session of Congress, we expressed the opinion here that with respect to five of them there seemed to us to be no good reason for rushing action. Mr. Truman's demand for ratification by the Senate of the proposed International Wheat Agreement is typical.

This proposal for setting up of what can best be described as a Government-sponsored wheat cartel was described by Senator VANDENBERG the other day as "one of the most complicated and controversial agreements ever submitted for our consideration." The plan, he pointed out, was not sent to the Senate for ratification until April 30, last, and approval was called for by July 1. Yet last week Mr. Truman said he had "good

reason to believe that it can still be made effective if ratified promptly."

It is difficult to understand why immediate action should be asked. Since July 1, to complicate matters, Britain, Canada, Australia, Ireland, New Zealand, and Denmark have bowed out on the agreement (though it is conceivable that they might be induced to return if we ratified) and our Department of Agriculture has announced its goal for the 1948–49 wheat crop, calling for a reduction in wheat acreage. There is nothing in the Department's announced program to indicate that its plans were based in any way on approval of the wheat agreement.

Senator VANDENBERG's comment that the proposed agreement is highly controversial is not an overstatement. Under its terms Canada, Australia, and the United States as exporting countries (two of the largest, Russia and Argentina, have elected to remain on the outside) would contract to sell to the importing member countries 500,000,000 bushels of wheat annually at prices fixed by upper and lower limits. The American export quota is 185,000,000 bushels. For 1948–49 the maximum price is $2, the minimum $1.50. What it would come down to at the present time is this: The $2 maximum, which would be the effective price for us, is figured on No. 1 Manitoba Northern wheat laid down at Fort William, Canada. Its equivalent in Kansas City is around $1.88. But under our own farm support program the price of wheat at Kansas City is guaranteed today at approximately $2.24 a bushel. Obviously if the Government is going to sell wheat at $1.88 for which it has to pay $2.24 itself, this implies a subsidy of 36 cents on each bushel exported. We would thus be whipsawed, as it were, between two subsidies. With one we would be supporting domestic prices, with the other reducing prices on 185,000,000 bushels of export grain.

As it happens, there is not the slightest pressure, other than vocal, on us to make a decision this month or next, or even next year or the year after. The reason is to be found in the Marshall plan. It was originally estimated by the Economic Cooperation Administration that wheat exports for the coming crop year would be around 300,000,000 bushels. Reports from Washington yesterday indicated that as a result of the unexpected improvement in the grain outlook here and the unexpectedly large amounts of grain being sought by importing countries the goal had been raised tentatively to 450,000,000 bushels and might go higher. These figures should effectively dispel any illusions that only by jumping blindly into such a permanent export policy as that embraced by the wheat agreement can this country avoid a catastrophic wheat carry-over at the end of the coming crop year.

Mr. TYDINGS. Mr. President——

The PRESIDENT pro tempore. The Senator from Massachusetts still has the floor.

HOUSING AND SUBSISTENCE NEEDS—LETTER FROM MSGR. DANIEL J. DONOVAN

Mr. LODGE. Mr. President, under a separate heading in the RECORD I should like to read a letter which I have received from a constituent of mine on another point. This letter comes from the Very Reverend Monsignor Daniel J. Donovan, and it contains so much wisdom and understanding that I feel I should make it available to all the Members of the Senate, so I shall read it. It is very brief:

BOSTON, MASS., *July 29, 1948.*

Hon. HENRY CABOT LODGE,
Senate Office Building,
Washington, D. C.

DEAR SENATOR LODGE: Today I forwarded to Senator SALTONSTALL a copy of a flier distributed by the Communist Party of Massachusetts at the doors of the textile manufacturing buildings in this district. I am sorry that I have not another copy of it to send you, for I know you would like to see it. It was an appeal to the readers to write to the national legislators regarding proposed measures in the present session of Congress.

Waving aside the pro-Soviet features of the article, I do feel, nevertheless, that the current indifference of our legislators in Washington to the housing and subsistence needs of millions of low-salaried citizens is appalling. I am sure that other millions like myself are convinced it is the most effective way to multiply Communists and communistic sympathizers in our land.

To us who are thoroughly anticommunistic, but whose close experiences with ordinary people give us a sad understanding of their present grave needs of adequate housing and of income enough to buy the basic foods, fuel, and clothing, the present situation is ominous.

I feel it makes no difference at all to the man in the street, including myself, who called the present session of Congress, or what his motives were. The essential fact is that there is a crying need for relief in those two important phases of life for our citizens—housing and reasonably fixed purchasing power to get the material necessities of life.

To make such essentials the football of partisan politics at this time is to invite the scorn of millions of our citizens and to increase resentment among those suffering to the point where they will turn in desperation to communism for the relief that our traditionally sound parties could have attempted to give them.

With kindest feelings of personal esteem for you, I am,

Very sincerely yours,
(Very Rev. Msgr.) DANIEL J. DONOVAN,
St. James Rectory.

Mr. President, I have assured Monsignor Donovan of my complete sympathy with his viewpoint and of my strong conviction that we must take practical and effective action on the vital problems of which he writes.

SOLICITOR GENERAL PHILIP B. PERLMAN

Mr. TYDINGS. Mr. President, I ask unanimous consent to be recognized for 3 minutes.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the Senator from Maryland is recognized for 3 minutes.

Mr. TYDINGS. Mr. President, I desire to present for the RECORD the outstanding services and accomplishments of Mr. Philip B. Perlman since he has been the Solicitor General of the United States and to present briefly the record before the Supreme Court and in other respects that he has made since he has occupied that high office.

It will be recalled that the President sent Mr. Perlman's nomination to the Senate on January 31, 1947. He was confirmed July 26, 1947, and sworn in on July 31, 1947, 6 months after his nomination reached the Senate.

The Senator from Michigan [Mr. FERGUSON], chairman of the subcommittee of the Committee on the Judiciary dealing with the matter, held up the nomination for 3½ months before beginning hearings, until the last week of the first session of the Eightieth Congress.

On the floor of the Senate, on the last day of the session, the Senator from Maine [Mr. BREWSTER] and the Senator from Michigan [Mr. FERGUSON] further delayed the confirmation of the nomination, but fortunately it was finally disposed of before the Senate adjourned.

I now present to the Senate the record Mr. Perlman has made since he was confirmed. During the October 1947 term of court Mr. Perlman personally argued a total of 12 cases before the Supreme Court of the United States. One of the cases was not decided, and was set for reargument in the October 1948 term. Of the 11 cases decided, Mr. Perlman was successful in 8, and in each one of the 3 adverse decisions he lost the case only by a vote of 5 to 4 in the Supreme Court.

During the term the Government had a total of 69 cases for argument in the Supreme Court. The Solicitor General was in general charge of all these cases, and made the assignments of counsel for the arguments. The Government won 51 of the 69 cases tried in that term of court. The Solicitor General and his staff accounted for 37 of the arguments, and the other arguments on these cases were made by attorneys for other divisions of the Department of Justice and from other governmental agencies.

Mr. Perlman, the Solicitor General, argued about one-third, or almost 33 percent, of all the cases handled by his office for the Government. Only two other lawyers argued as many as six cases each, so that Mr. Perlman argued twice as many cases in the Supreme Court as the highest number by any other Government attorney during the term.

Among the cases argued and won by Mr. Perlman were the three cases involving the constitutionality and application of the Renegotiation Acts, a decision that involved sums in excess of $10,000,000,000; the case involving the constitutionality of the Rent Control Act; the cases involving the enforcibility of racial restrictive covenants on real property; and the two cases in which the Supreme Court held that the Government has the right to subpena and use records, the keeping of which is required by law, without automatically granting immunity from prosecution under the Compulsory Testimony Act.

During the term the Solicitor General filed in the Supreme Court 29 petitions for writs of certiorari, of which 19 were granted. On the other hand, 305 petitions for writs of certiorari were filed against the Government, and a brief was filed in each one of these 305 cases. The Supreme Court denied 283 of these petitions, granting but 22.

The Baltimore Sun of Thursday, June 24, 1948, contains an article by Mr. Robert W. Ruth entitled "Record Made

by Perlman—Solicitor General Wins 51 of 69 Cases for United States in Year." I ask unanimous consent that the article be printed in the RECORD at this point as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

RECORD MADE BY PERLMAN—SOLICITOR GENERAL WINS 51 OF 69 CASES FOR UNITED STATES IN YEAR

(By Robert W. Ruth)

WASHINGTON, June 23.—Philip B. Perlman, United States Solicitor General, has played a leading role in helping establish one of the most impressive records ever marked up by the Justice Department during a single Supreme Court term.

The Baltimorean, who outranks all other Marylanders in the executive branch, has now been in Washington almost a year. He was sworn in on July 31 after a prolonged battle with Senator FERGUSON (Republican, of Michigan) over his confirmation, and even then his name was narrowly squeezed in for Senate approval during the closing rush of Congress last year.

Attachés of the Justice Department and the Supreme Court assert that he is serving with distinction, that the Justices have gotten to know the Marylander well through his frequent appearances before the high tribunal, and that he fits well into the tradition of able men, such as William D. Mitchell and John W. Davis, who have held the Solicitor General's job.

WON 51, LOST 18 CASES

In terms of statistics, Mr. Perlman's record looks well even against the background of an unusually successful year of Department litigation before the Supreme Court.

Of the 69 cases handled through the Department and actually decided by the Court, the Government was successful in 51, unsuccessful in 18. In the memory of one Court official, this is as good as the Department has ever done.

According to Tom C. Clark, Attorney General, the Department won more antitrust cases than during any other term.

Although Mr. Perlman himself appeared in few trust cases, he and his staff argued 37 cases. Of these, 3 were set over for reargument, 24 won and 10 lost—a much above average record.

PERLMAN APPEARED PERSONALLY

In sharp contrast to his immediate predecessor, J. HOWARD MCGRATH, present Democratic Senator from Rhode Island, Mr. Perlman has gone personally before the Court in case after case, which has built up for him a reputation as a hard worker.

He himself has argued 12 cases, about a third of the total presented by his staff. His score runs: eight won, three lost, and one set for reargument.

Appearing in cutaway and striped trousers, speaking clearly and with dignity—although he is not a facile talker—Mr. Perlman has fought through the following cases decided in the Government's favor:

Three involving the validity of the Renegotiation Act—the Government's war powers authority to renegotiate contracts was upheld, thus legalizing Federal collection of more than $10,000,000,000.

RACIAL REALTY AGREEMENTS

Unenforceability of racial restrictive covenants—a 6-to-0 decision barred courts from enforcing real-estate agreements which raise racial barriers in all-white neighborhoods.

Validity of the Rent Control Act—a decision setting aside a Cleveland District Court ruling declaring the 1947 Rent Control Act invalid on grounds the country is "in fact" at peace, thus rendering the War Powers Act inapplicable.

Habeas corpus writs sought by enemy aliens—under nineteenth-century statute the Government can deport enemy aliens during war. In this case the German aliens resisted when the Government started to deport them after the war. The Government had contended it was not physically possible to deport them during the conflict. The Supreme Court upheld the Government view that the aliens could be deported after the war.

Cases involving production of documents, which might incriminate—an individual has a right to refuse to produce papers which might incriminate him. An exception, however, is a public document. The Supreme Court sustained the Government view that OPA requirements that businessmen keep sales records kept those records from being private records that need not be produced if they incriminate.

According to Arnold Raum, senior member of Mr. Perlman's staff, the renegotiation, racial covenant, and rent cases were particularly important.

Mr. TYDINGS. In conclusion I should like to say that those who care to examine into the facts will find that no Solicitor General of the United States has ever had a more successful record during the short time he has occupied that office than has Mr. Perlman. I make this statement because I think he is entitled to have it made, considering the long delay between the time the nomination came to the Senate and 6 months later, when the nomination was confirmed.

INTERNATIONAL WHEAT AGREEMENT

Mr. CAPPER. Mr. President, I hope to see the international wheat agreement voted out favorably because to postpone it is, I believe, to kill the agreement. The market has fallen materially since the agreement was negotiated, and we should not forget that the wheat which we are pledged to supply under the Marshall plan we shall have to buy, no matter what the price, and it can be applied on our commitments under the wheat agreement. This combination probably will never happen again. I feel that to fail to ratify this agreement at this session is a desertion of American agriculture. I do not intend to be guilty of doing so.

CLIFFORD K. BERRYMAN

Mr. FERGUSON. Mr. President, I learned this morning that today, August 4, marks the sixty-second anniversary of the arrival in Washington from Kentucky of a very great and influential man, Clifford K. Berryman, of the Washington Evening Star, and I should like to pay my compliments to him and to his profession.

In the American political tradition, few commentators have had more influence than the political illustrators and caricaturists. It was one of them, Thomas Nast, who gave us the symbols for our two great parties.

Cliff Berryman, both by the span of his years and the brilliance of his work, has been as responsible as any other for the maintenance of that tradition.

His pen is barbed, but it is guided always by the warmth of deep human feeling. It has always been a constructive influence. His cartoons are editorials of great significance to national affairs.

VETERANS' FLIGHT-TRAINING PROGRAM

Mr. BROOKS. Mr. President, I ask unanimous consent to have printed in the RECORD the text of a statement I presented to the House Committee on Veterans' Affairs on August 3, 1948, in connection with its executive session on the interpretation of Public Law 862, Eightieth Congress, by the Veterans' Administration.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR C. WAYLAND BROOKS, OF ILLINOIS, TO THE HOUSE COMMITTEE ON VETERANS' AFFAIRS ON AUGUST 3, 1948

Perhaps no other Member of Congress has been closer to the veterans' flight training program than I have. It, therefore, comes as a distinct shock to me to be informed by many of my constituents that the Veterans' Administration has so obviously misinterpreted and misapplied the intent and will of Congress, as expressed in the amendment to the proviso in Public Law 862, Eightieth Congress.

Despite the fact that Congress expressly provided by this statute (Public Law 862, 80th Cong.) that GI flight training courses, in cases where veterans elected them in connection with their present or contemplated business or occupational activities, shall not be considered as avocational or recreational, nevertheless, many field officers are misunderstanding or misapplying rulings from the Veterans' Administration central offices by arbitrarily stating that GI flight training courses are avocational or recreational and a veteran shall therefore not be entitled to elect them.

This unwarranted interpretation is being accomplished in two ways—first, Veterans' Administration regional offices, relying upon General Gray's Instruction No. 1 of June 30, 1948, are demanding that the veteran must show complete justification for electing the courses, going so far in certain instances to demand affidavits from present and prospective employers as the basis for complete justification. Secondly, Veterans' Administration regional offices, because they are unwilling to use the authority delegated to them by the Administrator to interpret and apply complete justification, are refusing to pass judgment for GI flight training courses which are pending stating that they will not rule thereon without more explicit and understandable instructions from the Veterans' Administration central office.

It was never my intention and I am sure it was never the intention of my colleagues in the Senate or of the Members of the House to pass the amendment to the proviso of Public Law 862, Eightieth Congress, to give to the Veterans' Administration and its regional and branch offices unrestricted right and power to pass judgment on the motives of veterans in the use of their entitlements for GI flight training or any other courses. It was our sole intention to empower them to declare certain courses avocational or recreational where they were obviously so with the distinct exception that this power should not extend to GI flight training courses where such courses were designed to give to the veteran instruction or training for his present or contemplated occupation. In other words, both the Senate and House were considering what the veteran expected to do and the word "contemplated" was intended to imply that the veteran was thinking about pursuing such an

occupation. Rarely is a contemplated occupation one which has a promised job waiting completion of a training. The contemplated occupation of a medical student is the practice of medicine, even though no hospital has offered him a post on its staff. The contemplated occupation of a law student is the practice of law and does not assure a position in a law firm. It is an unprecedented twisting of ordinary language, as contained in Instruction No. 1, which states that a veteran while still a trainee cannot have a contemplated occupation unless he has an affidavit in his hand from a prospective employer.

Accordingly, I feel that the central office of the Veterans' Administration should rescind all of its instructions applicable to GI flight training and replace them with new instructions which will more clearly, accurately and fairly give to veterans their rightful entitlements. To these ends, I believe that an affidavit from the veteran to the effect that he wishes to elect GI flight-training courses "in connection with his present or contemplated business or occupation" should be adequate and should entitle him to enroll in the course he elects without delay. Only by taking such action immediately can grave injustice to the veteran be averted.

THE POLL TAX

Mr. STENNIS. Mr. President, yesterday during the debate certain figures and statistics were given relative to Mississippi, with reference to our primary elections and other matters. At that time there was no oportunity to correct the figures or to submit other figures which make the picture more complete. For that reason I ask unanimous consent to have printed in the body of the RECORD at this point as a part of my remarks a statement which I have prepared relative to this subject.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

In the debate on H. R. 29, certain figures were cited relative to the State of Mississippi. Without questioning the authenticity of the figures, it is only fair to point out that virtually all of those cited with reference to Mississippi were either out of date or present a distorted picture of the actual condition.

At one point the per capita income of citizens of Mississippi was listed at $123, as compared with a national average of $368. I should like to call attention to the Department of Commerce estimates for the year 1945, which list the per capita income of citizens of Mississippi at $556, as compared with a national average of $1,325. It is evident from this comparison that Mississippi's income is increasing at a greater average than that of the Nation as a whole.

There are those of us in the South who contend that our section has too long been held in a type of economic bondage that corresponds in some respects to the type of political bondage that might result if various types of ill-considered legislation were to be allowed to become law.

Figures were presented showing the percentage of the population participating in general congressional elections in Mississippi in 1946, and much was made of the relatively low percentage of the population of the various districts which participated in these general elections. I should like to point out that there was no opposition to any of the seven nominees cited in this chart. Naturally, only a small fraction of the qualified electorate took the trouble to cast a ballot.

In Mississippi, elections are decided in the primaries. In 1946 there were four congressional seats contested in the primaries, and I submit the percentages of this vote, as a fairer test:

District	Population	Primary vote	Percentage
1. Rankin	263,367	25,208	9.2
5. Winstead	261,466	28,227	10.8
6. Colmer	319,635	44,623	13.9
7. Williams	470,781	39,364	8.4

Even the congressional primaries are not a fair test of the voting strength of Mississippi, however. With the exception of an occasional district judgeship, no other elective offices are at stake in these primaries. In the vast majority of our States, all types of State, district, and local offices are elected in the same primaries and general elections which choose Members of Congress.

In Mississippi our State and local officers are chosen at 4-year intervals. The most recent primary, which chose nominees for all offices from governor down to constable, was held in August of 1947. In this primary 365,228 citizens cast votes for governor, in contrast with 191,806 who participated in the last State-wide congressional primary.

There are no exact figures available as to the number of qualified electors for the Democratic primary, but an official, authoritative estimate places this figure at 560,000. This figure includes those who were declared not eligible to vote for reason of not having paid poll taxes. So it can be seen that actually 65 percent of the qualified electors participated in the general primary. That figure, I submit, compares favorably with most of the States of the Union.

THE NATIONAL HEALTH INSURANCE PROGRAM

Mr. MURRAY. Mr. President, a few days ago the Senator from Missouri [Mr. KEM] indulged in rather extended comments on the President's national health insurance program. I believe we all remember that quite recently Mr. Bernard Baruch made some remarks quite different in tone from those delivered by the Senator from Missouri. He said in part, referring to the problem of paying for medical care:

Nothing has been suggested so far, which promises success, other than some form of insurance covering these people by law and financed by the Government, at least in part—what some would call "compulsory health insurance."

Because Members of the Congress, who are well aware of the excellence of Mr. Baruch's advice on various matters may not be aware of the fact that Mr. Baruch's father, Dr. Simon Baruch, was one of the Nation's pioneers in physical medicine and may not be thoroughly aware of Mr. Baruch's long and expert acquaintance with the field, I ask unanimous consent that the article by Dr. Howard Rusk, entitled "Baruch Committee Spurs Aid to Physically Handicapped," which appeared in a recent issue of the New York Times, be set forth in the RECORD at the conclusion of these remarks. The article succinctly describes what a remarkable job has been done for the physically handicapped in the amazingly short period of 5 years by the Baruch Committee on Physical Medicine. It is just one more evidence of Bernard Baruch's great service to the American people. It is evidence, too, that when Mr. Baruch talks of the economics of medicine he is speaking as one who knows the field.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BARUCH COMMITTEE SPURS AID TO PHYSICALLY HANDICAPPED—MAJOR OBJECTIVES SET 5 YEARS AGO REACHED—MANY SCHOOLS COOPERATE IN PLAN

(By Howard A. Rusk, M. D.)

Of 20,000,000 men examined for selective service during the last war, more than three-quarters of a million were found to have gross physical disabilities, such as amputations, blindness, deafness, a congenitally short leg, club foot, or a withered arm, disabilities requiring intensive physical rehabilitation. Realizing that another large group of disabled persons would be discovered in case of another draft or universal military training, Bernard M. Baruch, in his testimony before the Senate Armed Services Committee last March, advocated "some compulsory means of rehabilitating youths with physical and mental defects that can be corrected."

Mr. Baruch's recommendation is based on a long-time interest in the problems of handicapped persons. A man noted for his ability to concentrate on a single task until it is accomplished, he was convinced during the early days of World War II that full use was not being made of the specialty of physical medicine in the rehabilitation either of the war disabled or the far greater number of civilian handicapped. Consequently, in October 1943, he invited a committee of 40 scientists, headed by Dr. Ray Lyman Wilbur, chancellor of Stanford University, to draw up a plan for the development of physical medicine for this country, and in 1944, founded the Baruch Committee on Physical Medicine in memory of his father, Dr. Simon Baruch, the first professor of hydrology at Columbia University, and one of the Nation's pioneers in physical medicine.

Major objectives of the committee were: (1) to increase the number of physicians trained to teach and use physical medicine; (2) to provide for more extensive basic and clinical research in physical medicine; and (3) to insure its proper use in relation to wartime rehabilitation and peacetime preparedness.

ALL OBJECTIVES ACHIEVED

In the annual report of the committee, issued last week, Dr. Frank Krusen, director, asserts that those major objectives have been achieved in less than 5 years.

The effect of the committee's efforts on increasing opportunities for training physicians and other personnel in physical medicine, the first objective, is shown by the fact that, when the committee was organized, there were only five approved residencies or fellowships in physical medicine available annually in three medical centers. Today there are 70 such residencies and fellowships available annually at 34 medical centers. Compared with 30 medical schools then offering instruction in physical medicine, there are now 60, just double the original number. Many physicians trained under Baruch fellowships are now teaching in large medical centers or directing programs in Army, Navy, and Veterans' Administration hospitals.

Since the establishment of the committee the American Board of Physical Medicine has been organized and officially recognized by the American Medical Association as the sixteenth medical specialty.

SIMILAR PROGRESS RECORDED

Similar progress has been made in the achievement of the second objective, provid-

ing for more extensive basic and clinical research. The report, in addition to summarizing the general advancement in physical medicine, outlines current research being carried on in 12 leading medical colleges in the therapeutic utilization of the science of physics through the use of heat, cold, light, water, electricity, massage, muscle reeducation, therapeutic exercise and physical rehabilitation.

Gains in insuring the proper use of physical medicine in relation to wartime rehabilitation and physical preparedness are made evident by the fact that rehabilitation and physical medicine services have been made a regular service in all military and VA hospitals, and are gradually being introduced on a wider scale in civilian medical centers.

ALLOCATIONS ARE LISTED

Although there have been a few pioneer civilian rehabilitation centers, such as the Institute for the Crippled and Disabled, the Milwaukee Curative Workshop and the Cleveland Rehabilitation Clinic, that have done outstanding work, such facilities prior to the war were limited in number, were found only in large cities and were not associated with medical schools or general hospitals. There are, today, however, some 150 communities that have or are planning civilian rehabilitation centers. Most such communities are following the recommendation of the Baruch committee that these centers be medically directed and be associated with civilian hospitals and medical schools if possible.

Of the original allocation of $1,250,000, $400,000 was given to Columbia University College of Physicians and Surgeons for a model research and treatment center, $250,000 to the Medical College of Virginia for a center specializing in hydrology, and $250,000 to New York University College of Medicine for a center devoting special attention to the structural mechanics of the body. Smaller amounts were given a number of other universities for special research products.

The major centers, which are being developed over a 10-year period, are designed to serve as models for medical schools and hospitals both in this country and abroad. With Mr. Baruch's experience, wisdom and vision, and the great need for increasing services to the physically handicapped, it is easy to see why the major objectives of the committee have been accomplished in such a short time.

BOYS' FORUM ON NATIONAL GOVERNMENT

Mr. MURRAY. Mr. President, I should like to compliment the American Legion for the excellent service it is performing for the youth of this Nation through the Boys' Forum on National Government which the Legion sponsors annually. I am particularly conscious of the value of this Legion activity because yesterday I had the pleasure of lunching with two outstanding young men attending the forum from the State of Montana. They were chosen to represent the several hundred who, in my State, were eager participants in the "Boys' State," sponsored by Montana units of the Legion. These fine young men, who have told me how much this trip has meant to them, are James Woodburn of Bozeman, Mont., and Robert Davis of Dillon, Mont.

I can think of few better ways of building Americanism than by bringing these young men directly in touch with our State and national legislatures and by having them meet the men in charge of the various departments of our Government. The Legion is letting them see our democratic processes in action. Thereby, the American Legion insures a real understanding of how American democracy works. To my mind this is one of the most effective ways of preventing totalitarianism from gaining any sort of foothold in this country of ours. As our young men become acquainted with the working mechanisms of free enterprise, both in business and in Government, there can be no question but that they will value it far above any other way of life.

I know my colleagues in the Senate will want to join with me in complimenting the American Legion for this outstanding work.

THE ATOMIC ENERGY ACT

Mr. McMAHON. Mr. President, Government officials and Government agencies forever complain that the constant criticism they get from the Congress and the press makes the life of a public servant intolerable. It is hard to recall an occasion when anyone closely associated with the executive branch lamented the fact that a Government agency was suffering from too little critical scrutiny.

This is precisely the complaint made in an article entitled "The Atomic Energy Act: Public Administration Without Public Debate"—which appears today in the University of Chicago Law Review.

Until recently its author, Herbert S. Marks, was General Counsel of the Atomic Energy Commission. Even before he held that office, Mr. Marks had been intimately identified with the State Department's work on atomic energy, notably the Acheson-Lilienthal Report.

He has been and is a stanch supporter of the McMahon Act, and of Mr. Lilienthal and his associates on the Atomic Energy Commission. But he suggests that the success of our entire atomic energy program is endangered because it does not enjoy the invigorating corrective effects of the kind of broad critical public scrutiny which this country gives to all other governmental affairs.

We have recently observed a striking example of this hands-off attitude of which Mr. Marks writes. In the debate over extension of the terms of the Atomic Energy Commissioners, vague anonymous opinions were cited against confirming Mr. Lilienthal for a 5-year term by the proponents of the 2-year extension bill.

I tried repeatedly and in vain to get a full airing of these anonymous opinions, and to get an open debate on the issue of confirmation so that the entire Congress and the public might have the facts and form a judgment upon them—as they do in other public matters. No one would join issue with me.

Mr. Marks' article discusses this and other examples of unhealthy public indifference to the problems of atomic energy. Open debate and criticism of Government affairs is traditionally our main safeguard against arbitrary or incompetent Government officials and agencies. Mr. Marks believes, as I do, that our atomic-energy program is in good hands. But it is the essence of democracy that no public official and no public agency is above having his activities fully and openly debated and criticized.

The requirements of secrecy, Mr. Marks insists, are not so strict as to prevent adequate public scrutiny and debate of atomic energy affairs. And I can testify from my own intimate experience of atomic energy in the past 3 years that—contrary to popular impression—there is a great deal more about this subject that is completely open to the public than secret. The necessarily secret areas must of course be kept secret. But today enormous areas that are legitimately open are simply unknown to the public.

This article seeks to diagnose the causes of the present conditions and to suggest means by which they may be corrected. I hope the article will be read widely and thoughtfully, especially by members of the Congress and the press. For in the first instance it is up to the Congress and the press to find ways by which our traditional democratic processes can be made to work in this field as in any other.

I ask unanimous consent that an article entitled "The Atomic Energy Act: Public Administration Without Public Debate," written by Herbert S. Marks and published in the summer 1948 issue of the University of Chicago Law Review, be printed in the RECORD at this point as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE ATOMIC ENERGY ACT: PUBLIC ADMINISTRATION WITHOUT PUBLIC DEBATE

(By Herbert S. Marks [1])

I

In the midst of noise it is difficult to perceive areas of silence. Since the appointment of the Atomic Energy Commission in October 1946, millions of words have been published about the administration of the McMahon Act.[2] But the very quantity of material has obscured the fact that critical analysis and insight have been negligible. Even more remarkable, the range of issues which has excited any active public debate has been exceedingly limited despite the many intrinsically controversial questions with which the Atomic Energy Act is concerned.

Actions of the Atomic Energy Commission that are the subject of press release are duly reported in the newspapers—but rarely with more penetrating comment or follow-up than that which accompanies the society news.

[1] Member of the District of Columbia and New York bars. Former assistant general counsel, War Production Board; special assistant to the Under Secretary of State; and most recently general counsel, Atomic Energy Commission. The author is deeply indebted to Mr. John G. Palfrey, a member of the legal staff of the Atomic Energy Commission, for his invaluable assistance and suggestions throughout the preparation of this article. The opinions expressed, however, are the personal views of the author.

[2] 60 Stat. 766, 42 U. S. C. A., sec. 1810 (Supp. 1947). The act became law August 1, 1946. The President appointed the five members of the Commission on October 28, 1946. The properties of the Manhattan Engineer District were formally transferred to the Commission by Executive Order 9816 on December 31, 1946. It was not until April 9, 1947, that the recess appointments of Commissioners were confirmed.

The old argument over military versus civilian control has some continuing vitality; whether or not the secrets of the atomic bomb are being securely kept also gets attention; the patent provisions of the law and their administration are discussed in professional quarters.[3] The list could be extended but not significantly.

Of late a handful of informed appraisals have appeared concerning such matters as the relationship of the Commission's program to business,[4] the Commission's special problems with respect to loyalty investigations, the status of research at Oak Ridge.[5] What is strange, however, is not so much the infrequency of perceptive commentary: the striking fact is that neither in depth nor scope is the public discussion which prevails for other Government affairs even approximated in the field of atomic energy.[6]

Most recently the congressional controversy over the reappointment of the Commissioners might have been expected to stimulate critical review of the broad field of operations of the Atomic Energy Commission. In fact, however, what has been observed in these legislative proceedings is little more than a series of election year maneuvers.[7]

The absence of wide debate and criticism concerning the administration of this far-reaching law is a phenomenon unique in the conduct of important public affairs. There are, of course, strong reasons for this peculiar situation. Some, like the requirements of secrecy, will appear obvious; others may appear more subtle. The significance of the unusual present conditions will be clearer, however, if first viewed in the light of the normal attitude toward public affairs.

II

Throughout its history this country has cherished a principle from which we have rarely tolerated departure. We have believed that the chief protection of society against incompetence, unfairness, and corruption in Government is the unlimited opportunity for public scrutiny and protest. We have believed also that this is the chief means of assuring that officials will pursue the course upon which the public is set. Sixty years ago Lord Bryce observed "a healthy and watchful public opinion" as a commonplace of the American political system. "Mischief is checked in America more frequently than anywhere else by the fear of exposure or by newspaper criticism in the first stage of a bad scheme."[8] And in a current opinion the United States Supreme Court quotes Bentham's century-old observation: "Without publicity all other checks are insufficient; in comparison of publicity all other checks are of small account."[9]

In observance of this principle, the physical and social sciences could find their most important common ground. "Science," says a distinguished physicist, "is not a field in which error awaits death and subsequent generations for verdict—the next issue of the journals will take care of it."[10] Perhaps the test of our faith is our firm belief that it is the fatal weakness of communism and all other forms of totalitarianism that they can find no substitute for the self-correcting process of open discussion and criticism which is the democratic tradition.

We pay a high price to maintain this tradition. Ordinarily, there is no need to encourage criticism of large government enterprise; the danger is rather that it goes too far. The able administrator is harassed and disgusted; the timid administrator is paralyzed; public affairs suffer from endless delays Yet even in the conduct of the war agencies, whether civilian or military, we have insisted upon this principle. On balance we have always been convinced that the price was not too high. Nevertheless, in the case of the administration of the Atomic Energy Act critical debate has been largely absent.

The lack of critical discussion by no means signifies an inactive atomic-energy program. We know that the Atomic Energy Commission operates a capital investment of $3,000,000,000; that it spends well in excess of a half-billion dollars annually; that directly or indirectly it employs 60,000 people; that it has important business relations with hundreds of business concerns and educational institutions; and that its regulatory activities affect business, the press, and other private institutions. We profess to know that there is no activity of government more important than the Atomic Energy Commission, by which, presumably, we mean that there is none which now or potentially affects us so vitally.[11]

Nor is it really possible that the absence of debate and criticism is simply a reflection of the high public respect and confidence which the present Commission and its staff rightly commands. Our theory and practice are such that it is a matter of indifference whether Government officials are able and incorruptible public servants—a David Lilienthal or a General Groves—or suspected machine politicians. We subject both classes to the gantlet.

The public servant, on his part, is rarely aware that the pressures and attacks from which he suffers during all his official life are frequently a source of strength and almost always a source of guidance. It is public pressure which helps weed out incompetent associates when official inertia would retain them. It is an interested, critical public which often supplies the only adequate forum for resolving conflicts between executive agencies, between Congress and the Executive, or between Government agencies and special interests. Above all it is the public reaction to what he does or fails to do which tells the administrator what is expected of him. It is his duty to provide leadership but leadership in the direction of the public's expectations.

But how can the Atomic Energy Commission be responsive to the impulses and expectations of a society which in relation to this subject matter are not expressed, which seemingly are not even felt? The men who compose the Atomic Energy Commission have been conscious of the vacuum in which they operate and have sensed the dangers which it

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[3] On March 15, 1948, Senator WHERRY, majority whip, introduced and spoke in favor of a bill to return atomic energy to military control (94 CONGRESSIONAL RECORD 3477 (March 25, 1948)). The most sensational security case during the past year concerned the revelation that prior to the appointment of the Commission, two Army sergeants personally appropriated highly secret documents from the Los Alamos reservation. See statement to the Senate of Senator HICKENLOOPER, chairman of the Joint Committee on Atomic Energy, on July 7, 1947 (93 CONGRESSIONAL RECORD 8494 (July 9, 1947)). On patent matters, see Ooms, Atomic Energy and United States Patent Policy, 2 Bulletin of the Atomic Scientists, Nos. 9 and 10, at p. 28, and Nos. 11 and 12, at p. 30 (1946); Miller, the First Official Report on AEC Patent Problems, 4 Bulletin of the Atomic Scientists, No. 3, at p. 77 (1948); Newman and Miller, Patents and Atomic Energy, 12 Law and Contemporary Problems, 746 (1947); American Bar Association, Section of Patent, Trade-Mark and Copyright Law, committee reports to be presented at annual meeting September 1947, p. 11; First Report of Atomic Energy Commission Patent Advisory Panel, Atomic Energy Commission Press Release No. 56, September 21, 1947.

[4] Atomic Energy—1948, Business Week, April 10, 1948, p. 47.

[5] The New York Herald Tribune recently ran an impressive series of articles on the Atomic Energy Commission's loyalty investigations and on general conditions at Oak Ridge, see New York Herald Tribune May 19, p. 1, May 20, p. 5, May 20, p. 22, May 24, 1948, p. 18. On loyalty investigations cf. O'Brian, Loyalty Tests and Guilt by Association. (61 Harv. L. Rev. p. 592 at p. 598.)

[6] Cf. Report of the Chairman of the American Society of Newspaper Editors Standing Committee on Atomic Energy, Editor and Publisher, April 24, 1948, at p. 22. The New York Herald Tribune, the Bulletin of the Atomic Scientists and Business Week show signs of reaching a level of reporting and comment in the field of atomic energy comparable to that which exists in other areas of public affairs; cf. New York Post, May 28, 1948, p. 41: "The Herald Tribune (is) one of a few United States papers which realizes what atomic energy—and atom bombs—mean to the future of the world." As examples of high quality reporting and comment on atomic energy matters see, Editorial, A Year of Civilian Control of Atomic Energy, 4 Bulletin of the Atomic Scientists, No. 2 at p. 33 (February 1948) and Atomic Energy—1948, supra, note 4.

[7] Under sec. 2 of the Atomic Energy Act of 1946 the terms of the Commissioners first appointed expire on August 1, 1948. The President on April 20, 1948, renominated the five members of the Commission for new terms commencing August 1, 1948, giving to the chairman, Mr. Lilienthal, a 5-year appointment, the longest permitted under the system of staggering prescribed in the act. The Republican leadership in the Congress countered President Truman's move by proposing bills, S. 2589 and H. R. 6402, to extend the terms of the five Commissioners automatically for 2 years from August 1, 1948, thereby giving to the President elected in November 1948 power to appoint an entirely new Commission during the next Presidential term. The ground asserted by the Republican leadership for this action was the necessity for a further period of probation for the over-all evaluation of the atomic energy program and its theory of operation. See S. Rept. 1342, 80th Cong., 2d sess., May 17, 1948; H. Rept. 1973, 80th Cong., 2d sess., May 18, 1948. A minority led by Democratic Senator BRIEN MCMAHON filed a report strongly attacking the bills, among other reasons, as a blow to the spirit of political nonpartisanship in which the entire program was conceived and established under the original act.

[8] 2 Bryce, the American Commonwealth (2d ed.), p. 321.

[9] *In re Oliver* (68 S. Ct. 499, 506), quoting from 1 Bentham Rationale of Judicial Evidence 524 (1827).

[10] J. Robert Oppenheimer, Physics in the Contemporary World, 4 Bulletin of the Atomic Scientists, No. 3, p. 65 at 68 (1948).

[11] For a general summary of the Commission's work see address of David Lilienthal, The Business Side of the Atom, before the Chamber of Commerce of Boston, Mass., March 18, 1948 (Atomic Energy Commission press release). As to regulatory activities of the Commission, the agency has issued regulations governing commerce in the raw materials, uranium and thorium (12 Fed. Reg. 1855, Mar. 20, 1947); regulations governing commerce in facilities for the production of fissionable materials (12 Fed. Reg. 7657, Nov. 18, 1947); and the Commission's security-guidance service is similar in effect to the Government censorship practiced during the war. See Third Semiannual Report of the United States Atomic Energy Commission, S. Doc. 118, 80th Cong., 2d sess., at 27 (1948).

portends. For many months in their reports and speeches, they have made eloquent pleas to the public to get educated about and take an active interest in atomic energy.[12] Mr. Lilienthal has warned that without such active participation in these fateful matters the substance of democracy is lost." [13]

To these pleas the most common public response appears to be: "What is it that they want us to know? Why don't they tell us? Then we may know what to do." [14] The pleas have somewhat puzzled the public; the public response has somewhat puzzled the Atomic Energy Commission.

Meanwhile the normal interplay of forces between the Government and the governed does not take place. In the field of atomic energy, the process which has always been our main reliance for a healthy direction of national effort is virtually nonexistent.

III

Nor have any adequate substitutes for the usual processes of public criticism been found, although the two that are sometimes referred to as assuring a measure of public accountability, the Congressional Joint Committee on Atomic Energy and the Commission's public advisory committees, are certainly of great value.[15]

We know from its reports to the Congress that the joint committee, established by the McMahon Act and composed of nine Members of the Senate and nine Members of the House, is generally interested in all activities of the Commission [16] as required under that law. We may assume, too, that it takes a critical attitude toward these activities and that the Commission benefits from this attitude.[17] But there has been even less public discussion and comment about the joint committee and its work than there has been about the Commission. Fortunately, the joint committee includes some of the leading Members of both Houses.[18] But just as we rely upon the self-correcting process of public scrutiny in the case of all agencies of the executive branch, good or bad, so, too, we may be apprehensive of an arm of the Congress, however distinguished its Members, whose activities are not the subject of public debate. As long as this condition lasts, it must not be assumed that the joint committee will provide an adequate device to assure public accountability in any usual sense. The unreviewed action of 18 legislators is not likely to be better than the unreviewed action of 5 administrators. In fact, such a situation could easily lead to an unwholesome domination of executive action by a small group of legislators which would not be tolerated if the public were alert and critical.

The advisory committees, too, are important in establishing connections between the atomic-energy program and the country at large. The General Advisory Committee, created by the McMahon Act, and the numerous other committees set up by the Commission as authorized by that law, bring to bear upon the problems of the atomic-energy program the diverse talents of leaders in many phases of American life.[19] But however valuable this form of participation by outsiders may be, it is not a substitute for the kind of public scrutiny to which we have been accustomed. It is, indeed, as different from what we have relied upon in the past as it would be to preserve the principle of jury trial in criminal proceedings but to permit the trials to be conducted in secret without the presence of press or public.

IV

Perhaps the requirements of secrecy are such that there can be no public participation in the problems of atomic energy in any customary sense. As the question is subjected to analysis, however, this answer may appear less clear. At all events while secrecy may seriously inhibit debate, that factor alone hardly accounts for the silence of the interests that are directly affected by the atomic-energy program.

Ordinarily the reaction and response of special groups, favorable or unfavorable, to any particular Government action give rise to and sustain public debate. With limited exceptions, nothing of this sort has happened in the atomic-energy program. In a variety of ways the Commission's program has an important daily effect upon national life. Procurement of raw materials, letting of contracts, construction and operation of plants involving hazardous, new industrial processes and hazardous industrial waste products, administration of regulatory powers—all these activities and many others in this $3,000,000,000 enterprise are in fact affecting the public at many points.

These Commission actions fall in areas of public sensitivity which, judging by the experience of all other Government agencies, should produce a vocal response from those groups which are disappointed by Commission decisions. Indeed, some decisions of the Commission occur in the most sensitive areas of public concern. The effect which Commission action has upon the press itself is the best example.

Under section 10 of the Atomic Energy Act the Commission is given broad powers to control the dissemination of restricted data. Simply stated, practically all information relating to atomic energy is classed as restricted by the Atomic Energy Act. The Commission is authorized to remove information from this category whenever it concludes that it may be published without impairing the national security. We need not concern ourselves here with the question which is sometimes raised as to whether the law is merely an official secrets act or whether it includes broader censorship powers.[20] The press and the publishing industry have apparently accepted the principle that whether or not the act, strictly construed, applies to unofficial as well as official secrets, they will publish nothing in the face of advice by the Commission that publication would be

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[12] For example, addresses of David E. Lilienthal, Atomic Energy Is Your Business, before a community public meeting in Crawfordsville, Ind., September 22, 1947; Democracy and the Atom, before the American Education Fellowship, Chicago, November 28, 1947; The People, the Atom, and the Press, before the New York State Publishers Association in New York, January 19, 1948; Atomic Energy—Where Do We Stand Today? before the Radio Executives Club in New York, February 5, 1948; also the address of Sumner Pike, Imperatives in Atomic Understanding, before the National Education Association, in Cincinnati, Ohio, February 17, 1948; and addresses of W. W. Waymack, Education in the Atomic Age, before the Institute of Higher Education in Nashville, Tenn., July 31, 1947; and Atomic Energy Implications, before the Illinois Welfare Association, in Chicago, Ill., November 26, 1947. (Atomic Energy Commission press releases.) See also Third Semiannual Report of the United States Atomic Energy Commission, op. cit. supra, note 10 at 26–28.

[13] David E. Lilienthal, Democracy and the Atom, supra, note 10 at 8.

[14] See, e. g., letter to the editor, What Do the Scientists Wish Us To Know, from L. McDonald, New York Herald Tribune, February 23, 1948.

[15] See Lilienthal, The People, the Atom, and the Press, op. cit. supra, note 10 at 14–16, and Waymack, Atomic Energy Implications, op. cit. supra, note 11 at 10. See also Third Semiannual Report of the U. S. Atomic Energy Commission, op. cit. supra, note 10 at 31–32, 34.

[16] First Report of the Joint Committee on Atomic Energy to the Congress of the United States, H. Rept. 1289, 80th Cong., 2d sess., 1948. The committee was created by section 15 (a) of the Atomic Energy Act of 1946. See also reports on S. 2589 and H. R. 6402, supra note 6.

[17] "The very fact of the existence of the Joint Congressional Committee is security against the exercise of arbitrary power by the Commission, while we on the Commission, vested with a kind of quite terrible responsibility find in it a great reassurance." Lilienthal, The People, the Atom, and the Press, op. cit. supra, note 11, at 16.

[18] "The present membership of this 18-man permanent committee is an indication of the importance Congress itself assigns to it in charting the difficult policy course ahead. Its chairman is Senator BOURKE B. HICKENLOOPER, of Iowa, a former Governor of that State, a member of the Committee on Foreign Affairs, an experienced administrator as well as legislator. Its vice chairman is Representative W. STERLING COLE, of Ithaca, in this State, who, as you know, is among the most respected and influential Members of the House, with long experience in matters of national security. The committee includes the chairman and the ranking member of the Senate Committee on Foreign Affairs, Senators VANDENBERG and CONNALLY, of Michigan, and Texas; it includes Senator BRIEN MCMAHON, of Connecticut, who as chairman of the Special Senate Committee on Atomic Energy in the 79th Cong. sponsored the Atomic Energy Act and who follows with keen interest the international situation on atomic-energy control; it includes Senator EUGENE D. MILLIKEN, of Colorado, chairman of the Finance Committee. On the roster of the committee are other men of both chambers, most of whose names and reputations are familiar to you. In all, the committee is unusually broadly representative of the country, both geographically and in its group interests." Lilienthal, The People, the Atom, and the Press, op. cit. supra, note 11 at 15.

[19] The list, membership, and functions of the numerous advisory committees are set forth in the Third Semiannual Report of the United States Atomic Energy Commission, op. cit. supra, note 6 at 31–38. The general advisory committee was established by section 2 (b) of the Atomic Energy Act of 1946. The other advisory groups were set up by the Commission pursuant to section 12 (a) (1) of the act.

[20] See Newman, Control of Information Relating to Atomic Energy, 56 Yale L. J., 769 (1947), and Newman and Miller, The Control of Atomic Energy, ch. 10 (1948). These writers take the position that the prohibitions on disclosure in section 10 apply equally to official and unofficial information falling within the broadly defined category "restricted data." While this view may be an accurate statement of the effect which the draftsmen intended, neither the statute nor the legislative history seem sufficiently explicit on the point to avoid a question of statutory construction if the issue is ever tested. In that event, it is to be anticipated that questions of constitutionality would also be raised.

prejudicial to the national security.[21] In short, for practical purposes, they seem to have accepted in the field of atomic energy an arrangement somewhat similar to the one which existed more generally during the war under the Office of Censorship.

This voluntary restraint on the part of the press and the publishing industry, and their wholehearted cooperation with the Government in maintaining security, are deserving of highest praise. But what is surprising is that there has not even been any open debate concerning the details of administration. How does it happen that the public bickering between press and Government over the scope and details of censorship so frequently observed in connection with the war agencies does not occur here?[22] Are we then to conclude that the Commission's "security guidance" has been so satisfactory to the press that there has never been occasion for debate concerning it or public notice of the debate? Considering the diversity and character of the American press, there must be other explanations for the unbroken silence that exists in this area of legitimate discussion.

There are many other areas of activities and many incidents in the atomic-energy program where, despite secrecy, lively concern and comment on the part of the public might be expected but where almost none has occurred. The Commission's decisions with respect to its Clinton laboratories is a good illustration.

In May 1947 the Commission publicly announced that the contractor for the Clinton laboratories at Oak Ridge would be changed because the then contractor was unable to manage the laboratory unless it was transferred to a new location remote from Oak Ridge.[23] It was explained in the release that "the Clinton laboratories constitute a vital part of the atomic-energy program and certain projects at Clinton are among the most important in this field." "After comprehensive review," it was said, "the Commission has concluded that in the light of the over-all research and development program in atomic energy, the work of the Clinton laboratory must continue at Oak Ridge." In September 1947 it was publicly announced that a new contractor had been selected for the Clinton laboratories.[24] In addition to naming the new contractor, it was announced that 14 southern universities and a score of industries and industrial representatives would participate in the important research, development, and training programs at the laboratory. Then came a sharp change in direction. On January 1, 1948, the Commission announced a drastic realinement in the September arrangements for the Clinton laboratory.[25] Important work conducted at or contemplated for that location would be transferred to Chicago. In addition, the contractual arrangements originally forecast in the September release were to be fundamentally altered and a third contractor was to enter the picture. All these changes were duly reported in the Commission's release.

The three public releases of May, September, and January described major decisions concerning major industrial interests, major university interests, major geographic interests, major alternatives of national policy. It is not at all clear from the face of the three releases that they are consistent with one another. Were any other important Government agency to issue three such announcements about one of its main operations, the press and affected interests would immediately engage in a storm of public discussion. Such discussion would occur if only because the watchful journalist would discern that on their face the three announcements appear to be contradictory. But such discussion would even more certainly occur in the case of other agencies because important decisions and successive changes in them would inevitably disappoint or, at least, disturb some of the special interests affected by them. It seems highly improbable that the Commission, alone among Government agencies, possesses a Solomon-like faculty for always harmonizing and satisfying all affected interests.

The point of this recital is not to suggest that the Commission's actions as reflected in these announcements were wrong. The point is that almost no one among our individualistic, normally critical public was impelled to debate them openly. No one was impelled to debate them, even though on the face of the releases themselves, without going further for information, there was ample material to excite public discussion.[26]

v

Secrecy is certainly the most important factor in accounting for public inertia in relation to the administration of the Atomic Energy Act. The requirements of security altogether remove from public view certain activities and certain problems of the Atomic Energy Commission. In addition, there is everywhere an air of secrecy which seems impenetrable, even when it is not. The mere mechanics of securing a pass into a commission installation for a routine interview appears formidable, even for the visitor who knows he is entitled to the pass. The areas of information that are shut off for reasons of security inevitably seem to obscure those which are open. No matter how much the questioner may be assured that he can understand what he needs to know without access to what is hidden, he always has a lurking uneasiness that his interpretation of what is in sight will be distorted by what is unknown.

Much of the subject matter—even that which is completely open—is technically complex, and therefore hard to understand. It is not only complex; it is totally unfamiliar. One of the Commissioners has suggested that the subject of atomic energy is less complex than taxation.[27] But when Franklin wrote, "Nothing is more certain than death and taxes," he gave expression to a thought already thousands of years old. The background of ancient familiarity, not to mention suffering, makes it relatively easy to do in the field of taxation what the Commission urges us to do here, that is, distill "out of very complex and superficially bewildering things, relatively simple, quite comprehensible basic issues that the people are capable of understanding."[28]

There is, moreover, a general frame of mind which inhibits the active curiosity without which scrutiny and debate does not take place. A taboo-like quality attaches to atomic energy, which is perhaps no more than another way of saying that the immense proportions of the new physical force, the seeming magic and real mystery connected with it, its tradition-shaking consequences, and the walls of secrecy and epic drama which surrounded it from the first, make of it a subject from which we instinctively shy away.

Also important in suppressing curiosity is the belief that to ask questions in this field is unpatriotic. We have come to feel that because it is wrong to disclose secret information, it is somehow wrong and possibly illegal for the uninitiated to seek information about the subject. Thus, a Washington taxi driver, on being asked by a fare to go to the Public Health Building (the Commission headquarters), inquires "That's where the Atomic Energy Com . . ." and then exclaims, "Oh, I mustn't mention that."

In addition, large and important sectors of the public and the press seem to have been restrained from any generally critical scrutiny of the administration of the Atomic Energy Act, perhaps unconsciously, by a sense of partisanship. These sectors of press and public joined in the fight to secure enactment of the McMahon bill.[29] Hardly had the bill become law before another fight took place over the confirmation of the President's nominees for membership on the Atomic Energy Commission. The same forces, construing the opposition to the President's nominees as a renewal of the original effort to defeat the McMahon bill, again joined to support the President's appointments.[30] That the bill was enacted after a notable unanimity in the vote of the Senate committee which sponsored it, and that confirmation was voted by overwhelming majorities, were regarded not as evidence of the weakness of the opposition, but rather of the strength of the forces that were marshaled in support. Ever since, the feeling has persisted that at the first opportunity these original opponents would reassert themselves to destroy the McMahon Act. In these circumstances, the supporters of the Atomic Energy Act and of the President's nominations to the Commission seem to have assumed that any display of critical attitude toward the administration of the law would play into the hands of these opponents.

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[21] It was—and is—evident that the public communications media of the Nation desire overwhelmingly to avoid harm to the national defense and security through publication of restricted data. There is a heavy continuing demand for security guidance service * * *. (Third Semiannual Report of the United States Atomic Energy Commission, supra, note 10 at 27.)

[22] Compare the immediate reaction to Secretary Forrestal's recent proposal to establish a voluntary system of censorship in connection with security matters in general. See e. g. Security Consciousness, editorial, the Washington Post, page 4B, Mar. 28, 1948.

The first significant criticism on Commission policy in this connection appeared at the end of May. See editorial: "Policy in Secret, New York Herald Tribune, May 28, 1948, at page 22.

[23] Atomic Energy Commission press release "Joint Statement of United States Atomic Energy Commission and Monsanto Chemical Co. at Oak Ridge, Tenn." May 28, 1947.

[24] Atomic Energy Commission press release No. 57 "Clinton National Laboratory established at Oak Ridge," Sept. 25, 1947.

[25] Atomic Energy Commission press release No. 80, "Atomic Energy Commission Consolidates Reactor Research and Development at Argonne, National Laboratory near Chicago; enters new contract for Clinton National Laboratory at Oak Ridge and adds Chemical Engineering Development at that Laboratory," Jan. 1, 1948.

[26] It was not until many months after the release of January 1, 1948, that critical public discussion of the Clinton Laboratories decision began to occur. See, e. g., Why Morale Sags at Oak Ridge, New York Herald Tribune, May 24, 1948, p. 18.

[27] W. W. Waymack, Atomic Energy Implications, op. cit., supra, note 11, at 6.

[28] Ibid.

[29] A summary of these events can be found in Newman and Miller, "The Control of Atomic Energy," chapter 1 (1948).

[30] During the opening remarks of the Senate debate on the confirmation of the Commissioners and the General Manager in March 1947, Senator HICKENLOOPER speaking of Mr. Lilienthal described the very significant and widespread "editorial approval of his appointment of leading newspaper editors of both major parties from coast to coast" (93 CONGRESSIONAL RECORD, 2451, March 24, 1947).

There may be other factors at work in preventing the free play of the normal forces of public scrutiny and criticism. Because so many of the barriers are intangible, it is extremely difficult to assess their relative importance. But secrecy, security, complexity, unfamiliarity, self-restraint—whether occasioned by taboos, suppression of curiosity, or partisanship—together compose a formidable array. We may hopefully agree with Mr. Lilienthal that "there is nothing in the nature of atomic energy, nor in the necessary requirements of secrecy in certain areas of knowledge that prevents the people as a whole from exercising their historic role of judging what shall be the course of public policy." [31] But the people are not now exercising that historic role and it is plain that if they are to do so very special exertions will be required of them.

VI

The fact that the traditionally powerful forces of scrutiny and criticism do not now exist in this field in itself suggests the difficulty in devising a program to create for the Atomic Energy Commission the public environment of other governmental agencies. A beginning has been made in the speeches of the members of the Atomic Energy Commission during past months. The awareness of the problem that they reflect, and the emphasis they have given in many forums to the need for public interest and education should contribute materially to the creation of a climate favorable for public action.

It will also help if we become conscious of misconceptions that have interfered with the normal process of scrutiny and criticism. Active curiosity, far from being improper or illegal, is a normal, lawful public responsibility.[32] It has been asserted on behalf of the Commission that "by and large the sources of information on public issues are already open." [33] And it is a fair estimate that the official material so far made available by and about the Commission compares in quantity and content with the official material that is made available about other large Government operations in a comparable period of operations.[34] Here and there one will see the censor's hand in the official material concerning the Commission's activities. But such material is mainly distinguished from the information about other Government agencies in that it has not been illuminated by public reaction.

It takes active curiosity on the part of the press and public to give meaning to official handouts no matter how enlightening the Government tries to make them. The official material of other Government agencies is subjected to searching public analysis and questioning which uncovers and evaluates the reasons behind decisions and the consequences implicit in them. Because of security restrictions an effort to subject the available materials about the Commission to the same treatment would sometimes be frustrating. Surprisingly often, however, the results would be illuminating.

It should be understood that the general public on the one hand and the Commission on the other have different responsibilities in respect to security. It is the duty of the Atomic Energy Commission under the law to see to it that those things are kept secret which in the interest of national security should be kept secret. It is the duty of the public to cooperate with the Commission in this effort, and this the public has been doing with remarkable effectiveness.[35] But, as the Commission itself has repeatedly asserted, it is also a public responsibility to find out and to understand those things which need not be kept secret. This can only be accomplished through incessant questioning.

The Atomic Energy Commission is no more omniscient than any other Government Agency in its capacity to determine precisely what information within its vast area of nonsecret knowledge the public needs to know. It is the duty of a democratic public to direct to its Government every question that its curiosity provokes. It is the Atomic Energy Commission which must bear the responsibility of deciding whether an answer to any particular question may prejudice the national security.

Once this relationship is clearly defined, it will be possible for the public to begin to develop insights about the atomic energy program. Such insights can come about only through a constant interchange between the Government and the people. The questions raised in congressional hearings, in congressional debates, in news stories and editorials, the questions raised by all manner of special interests—these and the Government's answers to them, and the further questions thereby suggested, can produce a broad and endless process, through which understanding will evolve and influence will ultimately exert itself.

This process is especially necessary if the public is to overcome the difficulties growing out of the complexity and unfamiliarity of the subject matter. The Acheson-Lilienthal report and the Baruch proposals on international control of atomic energy were understood clearly enough in the course of the extensive discussion that they provoked. In comparison, the official material which has been published about the Atomic Energy Commission seems less complex. Once the same process of scrutiny, questioning, and discussion which illuminated the proposals on international control is brought to bear upon the available information in the domestic field a comparable measure of understanding can result.

Not only is it essential that there be an active curiosity about the atomic energy program—a curiosity which expresses itself in incessant questioning—there must also be a willingness to criticize. Partisanship that exercises a restraint upon legitimate criticism out of a fear that such criticism will aid the enemies of the McMahon Act defeats its own purposes. The sectors of the press and public which thus refrain from critical comment are the very groups which by virtue of their participation in the fight on the McMahon bill and on confirmation acquired an informed background on atomic energy. In refraining from criticism, these groups have no doubt spared the Commission a considerable amount of annoyance. But they have deprived the administration of the Atomic Energy Act of a much more important source of strength—the strength that comes from constructive exposure of weakness and error and the opportunity thereby created for correction.

In any effort to quicken the forces of public scrutiny and criticism, account must be taken of the attitude of public officials toward these forces, and particularly toward the quest for information which these forces stimulate. The usual but never tolerable condition of a Government official is one of continual harassment by a seemingly specious, unfair, and unsympathetic press and public. That this condition makes officials wary and that it often makes the process of getting information from a public agency difficult is not surprising. The fear of embarrassment which the official or his agency may suffer as a result of disclosing information can be a more important factor in deciding whether or not to answer a question than the public need for an answer.

These considerations are as relevant to atomic energy as to any other subject. The staff of the Commission will be conscious that what they say may be used to discredit them, in ways that are frequently unfair and always painful. The members of the Atomic Energy Commission have urged earnestly and often that the public take a critical interest in their work. It should not be thought, however, that the express recognition by the Commissioners and their staff of the need for scrutiny will make the path of the questioner and potential critic easier than it would be with any other public agency. A party in power may assert that a strong opposition is essential to democracy; but it cannot be expected willingly to supply what might be used as ammunition by its opponents.

In the case of the Atomic Energy Commission, there is, moreover, a special hazard to

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[31] Lilienthal, Democracy and the Atom, supra, note 11 at 8.

[32] Actually, the criminal sanctions of sec. 10 (b) (3) of the Atomic Energy Act apply to attempts to acquire information involving or incorporating "restricted data" only when the act is done "with intent to injure the United States or with intent to secure an advantage to any foreign nation." It can hardly be imagined that such intent could be read into any normal efforts of press and public to secure information about atomic energy. On the other hand, the provisions relating to disclosure of "restricted data" (sec. 10 (b) (2)) include sanctions when the person has "reason to believe" that the above consequences will ensue.

[33] Lilienthal, Atomic Energy Is Your Business, op. cit. supra note 8 at 11.

[34] The list includes the following: (a) Commission Reports to Congress: The First Semi-Annual Report of the Commission, 80th Cong., 1st sess., S. Doc. No. 8, Jan. 31, 1947; the Second Semiannual Report of the Commission, 80th Cong., 1st sess., S. Doc. No. 96, July 24, 1947; the Third Semiannual Report of the Commission, supra note 10. (b) Congressional hearings: Independent offices appropriation bill for 1948. Hearings before the Subcommittee of the Committee on Appropriations, U. S. Senate, 80th Cong., 1st sess. on H. R. 3839 (1947); hearings before the Subcommittee of the Committee on Appropriations, House of Representatives, 80th Cong., 2d sess., on the supplemental independent offices appropriation bill for 1949, p. 747, et seq. See also H. Rept. No. 589, p. 8, independent offices appropriation bill for 1948, 80th Cong., 1st sess. (1947); H. Rept. No. 1618, p. 2, first deficiency appropriation bill 1948 (1948); H. Rept. No. 2245, p. 2, supplemental independent offices appropriation bill for 1949 (1948); hearings before the Joint Committee on Atomic Energy on labor relations at Oak Ridge, Tenn., 80th Cong., 2d sess, March 1948. (c) A large number of reports and documents released by the Commission, including 1,700 individual declassified documents made available to the public through the Office of Technical Services of the Department of Commerce; over 75 statements for press and public giving facts of new developments; reprints of public speeches made by members of the Commission; and reports of advisory boards of the Commission; namely, Report of the Medical Board of Review, June 20, 1947, and the Report of the Patent Advisory Panel, Sept. 17, 1947. See Third Semiannual Report of the Commission, supra note 10 at pages 24–28 for a description of such material.

[35] Public compliance with the law has been so effective that thus far there has been no real court test of the extremely difficult evidentiary questions that would arise in any public criminal trial for alleged unlawful disclosure of secret information. cf. Haydock, Some Evidentiary Problems Posed by Atomic Energy Security Requirements, 61 Harv. L. Rev. 468 (1948); see also Note, Secret Documents in Criminal Prosecutions, 47 Col. L. Rev. 1356 (1947).

the process of debate and criticism. The line between what must be secret and what can be open is not a sharp one. When areas of information involving possible embarrassment are probed, the temptation must always be present to draw the line so that embarrassment will be avoided rather than to draw the line only where the reasonable requirements of security dictate. The danger is not that the Atomic Energy Commission or its staff would thus act deliberately. The danger is rather of unconsciously confusing the needs of security with the desire for self-protection from critical comment.[36] During the war, journalists developed a sixth sense which enabled the press to tell whether the Government's releases and its response to questions were really as full and frank as security would permit. This experience may ultimately be repeated in the field of atomic energy. But it will not be repeated as long as it continues to be possible to say that "only about a dozen newspaper reporters in the United States are equipped to write about atomic information accurately and with understanding." [37]

VII

The absence of public scrutiny and criticism which the Atomic Energy Commission has so far experienced will not last indefinitely. The deep and powerful forces which have made our public alert and vocal in other public affairs will sooner or later assert themselves in this field. The question is not whether this will happen but when and in what form. If too long delayed, our atomic-energy program will almost certainly grow so far out of touch with the American environment that when the forces of criticism finally begin to operate with their customary vigor they will produce drastic upheavals. Deprived of the continuous, corrective effects of public review, the atomic-energy program will have developed so much that is weak and unsound that the public dissatisfaction which then seeks drastic change will be justified. By then the administration that is thus destroyed may not be worth saving. If this should happen, not only will the continuity essential to the success of the undertaking be destroyed, but the public, without the knowledge gained by prior participation in the problems of atomic energy, will not be in a position to insure the establishment of a sound administration in its place.

Any practical measures that may be proposed now for releasing the normal forces of critical scrutiny and debate will seem modest as compared with the proportions of the problem. What is important is that the process commence. The best hope for constructive change lies in recognition of the fact that once started this process which is so close to our most basic traditions will find its own strength, and its own new channels for growth.

[36] The Washington Post recently referred to "past military efforts to cover up mistakes under the guise of security and the tendency of some officers to classify virtually everything controversial as 'top secret'." Op. cit. supra, note 21. It is at least open to question whether it is fair to suggest that the military is any more subject to this temptation than the civilian administrator.

[37] See report of the chairman of the American Society of Newspaper Editors Standing Committee on Atomic Energy, Editor and Publisher, Apr. 24, 1948 at p. 22.

THE CIVIL-RIGHTS PROGRAM

Mr. McCLELLAN. Mr. President, I ask unanimous consent to have printed in the body of the RECORD, following my remarks, an editorial entitled "Wrong Timing," appearing in the Washington Post for August 1. Frequently I do not agree with the editorial conclusions of this newspaper; but in this instance I think the conclusions expressed are substantially correct and truly reveal the present situation existing in Congress.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WRONG TIMING

The chief defect of the President's comprehensive program for control of inflation is that it has come too late to meet the needs of the immediate future. The Washington Post believes that rationing and price controls should have been retained for a much longer period after the war as a means of limiting consumption expenditures and checking price increases. However, there were two very good reasons for the premature scrapping of the OPA control system: (1) Public disaffection and (2) defective administration for which public hostility was in part responsible.

If an effective system of selective price and rationing controls could have been retained until wartime shortage of civilian goods had been made good, and if, concurrently, strenuous efforts had been made to absorb surplus cash created by war financing through retirement of bank-held Federal debt and sale of Government securities to nonbank investors—if these things had been done, then the transition from a controlled to a free price system could have been effected with much less danger of a sudden sharp upward spurt of prices. But the choice has been made: the potential inflation represented by dammed-up purchasing power—a legacy of deficit financing—has been activated, and is raising already inflated prices to even higher levels.

Furthermore, the rise in prices since the last prewar year has been very uneven. Increases have been greatest in foods and certain so-called soft consumer goods, thereby swelling the incomes of farmers and producers of such goods. Wage increases, too, have been uneven; some workers have secured additions to income that have more than offset rising living costs, while many white-collar workers and recipients of annuities and fixed incomes have been left far behind in the race to keep abreast of rising living costs.

The stresses and strains resulting from such fundamental dislocations call for readjustments of price relationships, not for plans to freeze prices at present levels or to roll back prices to some arbitrarily set date recommended by the President. In fact, it is impossible to undo by legislative decree what has already been done, even if the objective appeared to be desirable. For price roll-backs would either force high-cost producers out of business and inaugurate a new era of scarcity or necessitate heavy subsidies at the expense of taxpayers to enable production to go forward.

The sensible alternative is to concentrate on plans to prevent further additions to consumer purchasing power while permitting market forces of demand and supply to correct the distortions of the price structure that have resulted from our inflation splurge. As Marriner Eccles warned when testifying before the Senate Banking Committee, such adjustments are bound to be unpleasant, but it's too late to find a pleasant solution of the inflation problem. The method of dealing with inflation that best meets present needs is an indirect over-all method of control designed to curb inflationary expansion of bank credit by giving Federal Reserve authorities permissive powers to control consumer credit and increase the reserve requirements of member banks.

Such checks are, of course, of limited efficacy, and insofar as the reserve proposals are concerned, a rather crude and inequitable device for checking expansion of bank lending. Nevertheless, the mere possession of such powers, even if they were not exercised, would have a restraining effect on bank-loan expansion. These controls have the further advantage of being orthodox methods of restraint that look toward the future instead of back to the past. Moreover, they strike at the root causes of inflation by attempting to prevent further increases in the amount of money available for the purchase of goods.

If the budget can be kept in balance, and if we succeed in avoiding credit inflation through a combination of limited credit controls and voluntary banker efforts to restrain loan expansion, inflation can be fought to a standstill. But it cannot be done overnight, nor can it be done without a good many painful shifts in price relationships that reimposition of direct price controls would only defer and make more painful in the long run.

LONG-RANGE PROGRAM FOR AMERICAN AGRICULTURE

Mr. BROOKS. Mr. President, it has been my privilege during the Eightieth Congress to serve as chairman of the Agriculture Subcommittee of the Committee on Appropriations. In this connection I handled in the Senate, in both the first and second sessions of the Eightieth Congress, legislation relating to the welfare of the American farmer.

With the endorsement of the Illinois Agriculture Association and other leaders of farm groups, and at my request, Dr. H. C. M. Case, head of the department of agricultural economics, University of Illinois, College of Agriculture, took leave temporarily from the university to come to Washington to act as my chief adviser while handling these important agricultural appropriations.

Subsequently he served as chief adviser to the agricultural legislative committee of the Senate during the hearings on and writing of the long-range program relating to American agriculture.

Dr. Case brought to us his mature judgment which enabled him to make a most valuable contribution to the farmers of Illinois and of the Nation.

Mr. President, I ask unanimous consent to insert in the RECORD an explanation written by Dr. Case of the farm program enacted by the Eightieth Congress.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

CASE EXPLAINS EIGHTIETH CONGRESS FARM PROGRAM

(By Dr. H. C. M. Case, head of the Department of Agricultural Economics, University of Illinois College of Agriculture)

The new farm legislation passed in the last hours of the Eightieth Congress is essentially a long-range price-support program. The new act provides for a flexible farm price support program to become effective in 1950. It passed the Senate by a vote of 79 to 3. The House bill had provided for a stopgap measure that would continue until July 1950 most of the price-support measures now in existence

The bill that was finally passed by both Houses of Congress is a combination of the two bills. It provides that the price support of basic farm commodities—i. e., corn, wheat, cotton, tobacco, rice, and peanuts—will be continued at 90 percent of parity until the

1949 crop is marketed or June 30, 1950. At that time the long-time flexible farm price support program will come into effect for these commodities.

The provision to support the prices of the so-called Steagall commodities at 90 percent of parity was a wartime measure designed to encourage increased production of the commodities deemed to be in greatest demand. When this act was passed, it was not anticipated that it would continue under normal peacetime conditions.

NEED LONG-TERM PROGRAM

The Senate bill assumed that, since the war was over, provision should be made for a desirable long-time price-support program. However, the compromise with the House bill supports milk and its products, hogs, chickens and eggs at 90 percent of parity until December 31, 1949. At the discretion of the Secretary of Agriculture, other Steagall commodities will be supported at 60–90 percent of parity until December 31, 1949.

Under the new act, tobacco will be supported permanently at 90 percent of parity with marketing quotas. The 1949 crop of wool will be supported at 90 percent of parity, but the future support for wool will be 60–90 percent of parity, the objective being to encourage an annual production of 360,000,000 pounds of shorn wool.

In the new legislation, wool is given special consideration in order to stabilize the sheep industry at a level to meet a substantial part of our needs without relying upon the uncertainty of wool imports. At the present time the world demand for wool has forced the price to a high level.

The support for wool will probably not be effective until the world consumption of wool falls much below the present level. At present the domestic production of wool has fallen below 300,000,000 pounds, or to the lowest point in 47 years.

EFFECTIVE IN 1950

The long-time features of the bill, which becomes effective in 1950, provide that when there is a normal supply of any of the 6 basic commodities, corn, wheat, cotton, rice, peanuts, and tobacco, the price will be supported at 75 percent of parity. In addition, as the supply of a product increases by 2 percent, the price support drops 1 percent until it reaches 60 percent of parity when the supply of the product reaches 130 percent of normal production. Also as the supply falls to 70 percent of a normal supply the price support rises to 90 percent of parity.

A thought back of this long-time flexible price-support policy is that, under the schedule provided, farmers will receive a larger total income for a large production than for a small production. This situation is desirable for consumers, who want abundant production, since it encourages farmers to produce a large output of food. Further, a definite floor below which the prices of these commodities will not be permitted to fall will have a stabilizing influence on the market price.

When the price of a farm commodity breaks seriously it is probably due in a measure to farmers' hastening to sell their products before prices sink lower during a downswing in prices. The actual floor under prices at a given level may have the effect of increasing the price at harvesttime in the case of grain by perhaps 10 percent or more when supplies are unusually high.

FARM INCOME VERSUS NATIONAL ECONOMY

Furthermore, the reasoning may be that when prices of farm products sink below 60 percent of parity, as they did in the early thirties, it will disrupt the entire national economy because farmers, as well as others, cease to be normal purchasers of other goods and services. This action leads to heavy unemployment and reduces the consumers' purchasing power for farm products.

It is to the interest of the Nation not to allow prices of farm products to fall to extremely low levels; in fact, it is essential, in order to maintain our national economy, to prevent net farm income from sinking to low levels.

When the long-range price support goes into effect a new parity price formula also becomes effective. As is true of present parity prices, the new parity price formula is based on the relationship of the prices of all products farmers sell to the prices of the commodities farmers buy. Also, the relationship between the prices of these two groups of commodities in the period of 1909–14 is still used as a base period.

The difference between the old and new parity formulas is simply this: The old formula makes use of the relationship between prices of individual farm commodities in the period of 1909–14. Because of changes in methods of production, improvement in crop yields, and many other factors, that period does not reflect present-day price relationships.

AUTOMATIC FORMULA

The new formula takes into account the relationship of the price of the individual farm product to the average price of all farm products for the 10 immediately preceding years. This procedure keeps the parity prices of individual farm products adjusted to changing price relationships. It is an automatic formula that each year adds the new year and drops the oldest of the 10 preceding years as a basis for determining the parity price of individual farm products.

The change from the old to the new parity formula changes the parity prices for individual farm products. In general, the parity prices of livestock and livestock products are increased, while the parity prices of grain and cotton are reduced slightly. However, the average parity prices for all farm products as a group are the same under the old and new parity formulas.

The act further provides that, when the parity price of a farm product under the old and new formula is more than 5 percent of the old parity price, the adjustment to the new parity price will not exceed 5 percent of the old parity price in any one year.

The price support bill also provides for the support, at prices up to 90 percent of parity, of commodities other than the six basic ones. For this purpose such funds will be used as may be provided to the Secretary of Agriculture. The so-called section 32 funds, which represent 30 percent of our import duties, are made available for farm price-support operations. In 1947–48 these funds amounted to $135,000,000. At the present time $75,000,000 of this total are assigned to the school-lunch program, leaving about $60,000,000 to be used to support various commodities.

SUPPORTS FOR PERISHABLES ALSO

The Commodity Credit Corporation, of course, is permitted to support prices of products within reasonable limits if the products are storable and can be handled without too great a carrying charge. Section 32 funds, however, may be used to help support the price of perishable products. As a matter of fact, they represent a larger amount than has been used in any year except for subsidy payments made during the war years to hold down prices of food products.

Some features of the Senate bill dealing with the reorganization of agencies to handle various services that the Government renders to farmers were eliminated from the bill in the conference between the Senate and the House. It was the intent of the Senate bill to place more responsibility on local farm people for directing the operations of the various agencies through which the Federal Government deals directly with individual farmers.

However, the price-support legislation which was retained in the bill accepted by both Houses is constructive in affording a transition from the present wartime price program to a sound long-time price-support program. The essential feature of the long-time program is that the support varies inversely with the supply of the product. This provision should give farmers adequate opportunity to adjust their production in line with changes in demand, because the price supports, which will be higher for products in short supply, will stimulate production of those commodities.

THE PRESIDENT'S PROGRAM FOR HOUSING AND ANTI-INFLATION

Mr. BARKLEY. Mr. President, I ask unanimous consent to have printed at this point in the body of the RECORD copies of telegrams sent by the American Federation of Labor, the CIO, the Railway Labor Executives Association, and the Brotherhood of Railroad Trainmen to various Members of the House of Representatives and the Senate, particularly the chairmen of the two Committees on Banking and Currency, and also to the Senator from Ohio [Mr. TAFT], the Senator from Nebraska [Mr. WHERRY], the Senator from Kentucky, the present speaker, and the Senator from Rhode Island [Mr. MCGRATH], in regard to pending proposed legislation dealing with housing and the high cost of living.

All these telegrams were sent on Wednesday, August 4, 1948.

On Wednesday, August 4, newspapers for the first time made it authoritative that the Republicans in Congress intended to substitute very narrow, ineffective, inefficient bills for the bills proposed by the President on, first, housing; and, second, anti-inflation.

All American labor organizations therefore promptly wired that they desired to testify on the subject. This was an effort to prevent the substitution of plausible and specious legislation in place of true and effective legislation.

Although the telegrams went to the chairmen of the appropriate committees of the Senate and House, and to the Republican leaders in both Senate and House, bills are being reported out of committees without giving American labor or any other organizations a chance to be heard.

This is an unprecedented action in congressional history—the rushing of legislation through committees without giving those who request an opportunity to be heard any such opportunity.

The telegrams came from the leaders of organizations whose members and their immediate families constitute at least one-third of the entire population of the United States.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

TELEGRAMS FROM AMERICAN FEDERATION OF LABOR

AUGUST 4, 1948.

To Senator TOBEY:

Press reports indicate that housing legislation is now being considered which would not include such essential features of the Taft-Ellender-Wagner bill as public housing,

slum clearance, and rural housing. We strongly urge that your committee hold fast to all of the provisions of the Taft-Ellender-Wagner bill. If any housing legislation other than S. 866 should be considered by your committee, we respectfully request that we be given an opportunity to state our views on this all-important question.

WILLIAM GREEN,
President, American Federation of Labor.

AUGUST 4, 1948.

To Congressman JESSE WOLCOTT:

Press reports indicate that housing legislation is now being considered which would not include such essential features of the Taft-Ellender-Wagner bill as public housing, slum clearance, and rural housing. This organization is strongly on record as favoring the Taft-Ellender-Wagner bill as it passed the Senate. If your committee should consider any housing legislation which does not include all of the provisions of the Taft-Ellender-Wagner bill, we respectfully request that we be given an opportunity to state our views on this all-important question.

WILLIAM GREEN,
President, American Federation of Labor.

TELEGRAMS FROM LABOR ORGANIZATIONS TO CONGRESSIONAL LEADERS REQUESTING OPPORTUNITY TO TESTIFY BEFORE BILLS ARE REPORTED OUT OF COMMITTEE

1. Telegram from H. W. Fraser, President of Railway Labor Executives Association, to Senators CHARLES W. TOBEY, J. J. SPARKMAN, Congressmen JESSE P. WOLCOTT, BRENT SPENCE:

"AUGUST 4, 1948.

"Railway labor regards as imperative the passage of adequate housing and anti-inflation measures before the special session adjourns, I urge you and your associates on behalf of a million and a quarter of railroad workers to press for action on these two basic problems. We must have good laws on both if our economy is to avoid increasing difficulties in the months immediately ahead. Our people desire to be heard on any new housing measure or any anti-inflation measure which the special session may consider. Please address reply to 1412 E. Pikes Avenue, Colorado Springs, Colo., H. W. Fraser, chairman, Railway Labor Executives Association."

2. Telegram from Alexander F. Whitney, president of Brotherhood of Railroad Trainmen, to Senators TAFT, WHERRY, BARKLEY, MCGRATH; Congressmen MARTIN, HALLECK, RAYBURN, and MCCORMACK:

"AUGUST 4, 1948.

"Due to pyramiding in prices which are forcing a reduction in standards of millions of the common people and a serious housing shortage, it is imperative that adequate laws be enacted to immediately relieve these serious situations and I urge that immediate public hearings be held to permit testimony from well-informed and interested people. I desire to personally testify before the appropriate committees and will greatly appreciate an early reply advising day and hour I may be heard.

"A. F. WHITNEY,
"Brotherhood of Railroad Trainmen."

AUGUST 4, 1948.

Send the following telegram to Senator ROBERT TAFT, Senator of the United States, Washington, D. C., and JOSEPH W. MARTIN, JR., Speaker of the House of Representatives, Washington, D. C. Charge to the CIO, 718 Jackson Place, Northwest:

"When the Congress adjourned in June it left behind an unprecedented record of unfinished business. Bills to meet the needs of the American people were ignored, pigeonholed, or amended beyond recognition. The special session of Congress called by President Truman gave Congress an opportunity to rewrite its record. Food that cost $1 in June 1946 now costs $1.47. Other necessities, like clothing, which cost $1 in June 1946, now costs $1.25. The doubling up of many American families, due to the housing shortage, is a crime. With both political parties committed to the passage of civil rights legislation, the effect of Senator VANDENBERG'S ruling prevents this issue from coming to a vote.

"The Congress of Industrial Organizations was informed this morning that, due to a decision of the Republican policy committee, the Congress will adjourn Saturday, having heard, outside of Government witnesses, only the representatives of the banking fraternity on the all-important question of inflation.

"The phony filibuster successfully conducted by the southern Democrats is a decided contrast to the prompt squelching by the Republican leadership of the recent filibuster led by Senator LANGER to include a civil-rights program in the recently enacted Selective Service Act. Senator VANDENBERG'S ruling, which allowed the filibuster to continue, makes a mockery of the deliberative process and, in view of the arbitrary adjournment date, made it easy for the Republican Party to do nothing effective to control inflation, to do nothing to provide decent homes for the returned veterans, to do nothing to protect and extend the civil rights of all the people.

"Although it would appear that there is no need for long hearings to establish the need for anti-inflation legislation, the meaningless bill now being considered makes it mandatory for organizations representing the public interest to be heard. Senator CAPEHART has publicly stated that the people were not interested in the cost of living. He claimed that there were no requests to testify on the need for legislation to halt the upward inflationary spiral, despite the fact that the CIO and many other groups representing the average American have requested time to be heard on this subject.

"In the interest of the general public, we urge that you as leaders of the Republican Party exercise your influence to hold Congress in session in order to hear the views of President Philip Murray on inflation, Secretary-Treasurer Carey on the civil-rights program, Vice President Rieve on the excess-profits tax bill introduced by Congressman DINGELL, and the need for enactment of the Taft-Ellender-Wagner bill by Vice President Reuther. This special session of Congress cannot afford to adjourn without establishing this record on which the American people will vote November 2.

"I would appreciate an early reply so that if Congress is to stay at work and do its job we can inform our membership and arrange for the appearance of our witnesses.

"JAMES B. CAREY,
"Secretary-Treasurer of the CIO."

AUGUST 4, 1948.

Senator CHARLES W. TOBEY,
Chairman, Senate Banking and Currency Committee, Senate Office Building, Washington, D. C.

We were shocked to be informed today that the CIO has been denied an opportunity to testify during the hearings being conducted by your committee on proposed anti-inflation legislation.

The 6,000,000 members of the CIO and their families are suffering daily what may properly be described in the language of the Republican Party presidential candidate as "frightful impositions" caused by the high and rising cost of living resulting from uncontrolled inflation that, if continued, is bound to result in bust and depression. We believe our testimony would be of interest and value to your committee. In any event, we feel that we should have an opportunity to present it on its merits and under circumstances that will make it possible for the members of your committee to test its validity by questioning.

More shocking than the abrupt cloture invoked before opportunity had been given to us or to other organizations to present facts, opinions, problems, and criticisms of pending legislation is the reason stated for breaking off hearings, namely, a decision by the Republican policy committee that, rain or shine, inflation or no inflation, the Congress must adjourn next Saturday night.

Most shocking is the statement that only "Government witnesses" would be heard and the unprecedented classification of private bankers whose banks happen to be members of the Federal Reserve System as "Government witnesses." As we understand it, they are members of the Federal Reserve System purely for regulatory purposes.

The discrimination in favor of the bankers on the one hand, and against other citizens and their organizations on the other hand, is an unfortunate precedent which, we prefer to believe, you personally would not seriously defend.

We urge you to reconsider and to support our request to Senator TAFT and Speaker MARTIN that Congress be kept in session until effective action has been taken on the emergency items of inflation, housing, and civil rights.

We will appreciate a reply at your earliest convenience.

JAMES B. CAREY,
Secretary-Treasurer, CIO.

THE PRESIDENT'S ANTI-INFLATION PROGRAM—STATEMENT BY PRESIDENT TRUMAN

Mr. BARKLEY. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement issued today by the President at his press conference.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

To the Congress of the United States:

Pursuant to the Labor-Management Relations Act, 1947, I am reporting to the Congress concerning a labor dispute which recently existed in the bituminous coal industry.

The significant facts concerning this dispute may be summarized as follows:

The dispute involved the administration of a collective-bargaining agreement known as the National Bituminous Coal Wage Agreement of 1947, which was signed by the United Mine Workers of America and certain coal operators and associations. The dispute grew out of the dissatisfaction of the union with the failure of the trustees of the United Mine Workers of America Welfare and Retirement Fund, established by the agreement, to begin the payment of benefits. In accordance with the terms of the agreement the union had appointed Mr. John L. Lewis as trustee of the fund, the operators had appointed Mr. Ezra Van Horn, and these two had selected Mr. Thomas E. Murray as the third trustee. The trustees were unable to agree upon any plan for the amount of benefits to be paid out of the fund or the eligibility of miners for such benefits. Mr. Murray therefore resigned from his office as trustee. The continued failure to begin payment from the fund resulted in a work stoppage.

On March 23, 1948, I signed Executive Order 9939, creating a board of inquiry pur-

suant to section 206 of the Labor Management Relations Act. I requested the board to report to me on or before April 5, 1948. The board held public hearings on March 26, 29, and 30, and filed its first report with me on March 31, 1948. That report advised me fully of the facts of the dispute and indicated that the stoppage had "precipitated a crisis in the industry and in the Nation as a whole." A copy of that report is attached.

I therefore requested the Attorney General, in accordance with the provisions of section 208 of the Labor Management Relations Act, to petition the United States District Court for the District of Columbia for an injunction. An injunction was granted by Justice T. Alan Goldsborough of that court on April 3, 1948. It restrained the union from continuing the strike which the court then found was in existence, ordered the union to instruct all members to return to their employment, and further ordered the union and the operators to bargain collectively.

Following the issuance of the injunction on April 3, 1948, there was a gradual return of miners to work. Compliance with the provisions of that injunction and substantially normal production in the bituminous coal mines was obtained on or about April 26, 1948.

Soon after the issuance of the injunction of April 3, 1948, the Honorable STYLES BRIDGES was selected by the two remaining trustees as the new third trustee under the agreement. Mr. BRIDGES and Mr. Lewis, as trustees, approved a plan for beginning payment of benefits under the fund. Mr. Van Horn withheld his approval and challenged the legality of the action of the majority of the trustees in a proceeding instituted in the District Court of the United States for the District of Columbia. On June 23, 1948, Justice Goldsborough dismissed the complaint filed by Mr. Van Horn and held that the plan of Mr. BRIDGES and Mr. Lewis for beginning payment of benefits under the fund was legal.

As a result of the settlement of the dispute over the fund, the Attorney General, pursuant to section 210 of the Labor Management Relations Act, requested the court to discharge the injunction. The injunction was discharged on June 23, 1948.

The Board of Inquiry was reconvened subsequent to the issuance of the injunction, pursuant to section 209 of the Labor-Management Relations Act, and submitted its final report to me on June 26, 1948. A copy of the report is attached.

It should be noted that this dispute is distinct from that with respect to which I created a board of inquiry on June 19, 1948, by Executive Order 9970, and which made its report to me on June 24, 1948. That board was created because of the imminent expiration of the 1947 contract between the United Mine Workers of America and the bituminous coal operators, and the consequent threat of a stoppage of work. A new contract covering most of the industry was agreed upon by the parties prior to the expiration of the old contract and no injunction was sought. A new contract for the remainder of the industry was subsequently negotiated. Since the report of the second board contains a comprehensive summary of the entire chain of events concerning both disputes, a copy of its report is attached to this message for the convenience of the Congress.

HARRY S. TRUMAN.

THE WHITE HOUSE, *August 5, 1948.*

CIVIL RIGHTS

Mr. BYRD. Mr. President, I ask unanimous consent to insert in the body of the RECORD an editorial entitled "A Negro Looks at Civil Rights," which appeared in the Danville (Va.) Register.

I desire to call particular attention to the excerpt this editorial contains from an article written by Mr. Davis Lee, Negro publisher of the Newark (N. J.) Telegram.

I regard this statement as one of the most accurate and clearest presentations I have even seen of the racial controversy. I think it is especially timely and fitting and should be read by every patriotic American who is so deeply interested in the problems confronting our Nation.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

A NEGRO LOOKS AT CIVIL RIGHTS

It is unfortunate that most of the news discussing race relations comes from professional agitators who have, or think they have, something to gain from creating animosity while talking rabidly about discrimination and, in the same voice, good will.

As publisher of a newspaper with a large circulation and a corresponding influence, Davis Lee, Negro publisher of the Telegram, of Newark, N. J., which has some 500,000 Negro readers in the Southern States, grew less willing to accept the preachments of agitators concerning racial relations in the South. He decided to do a bit of investigating personally. Last Sunday he reported to his readers in a comprehensive article on the editorial page. Some excerpts which reflect his objective approach to the problem and provide sound counsel were called to our attention by the Bedford Democrat, which also was impressed by Publisher Lee. Keeping in mind that the comment is that of a distinguished champion of Negro advancement, and that it was printed in New Jersey, the Telegram editorial takes on added significance.

"I have just returned from an extensive tour of the South. In addition to meeting and talking with our agents and distributors who get our newspapers out to the more than 500,000 readers in the South, I met both Negroes and whites in the urban and rural centers.

"Because of these personal observations, studies and contacts, I feel that I can speak with some degree of authority. I am certainly in a better position to voice an opinion than the Negro leader who occupies a suite in downtown New York and bases his opinions on the South from the distorted stories he reads in the Negro press and in the Daily Worker.

"The racial lines in the South are so clearly drawn and defined there can be no confusion. When I am in Virginia or South Carolina I don't wonder if I will be served if I walk into a white restaurant. I know the score. However, I have walked into several right here in New Jersey where we have a civil-rights law, and have been refused service.

"The whites in the South stay with their own and the Negroes do likewise. This one fact has been the economic salvation of the Negro in the South. Atlanta, Ga., compares favorably with Newark in size and population. Negroes there own and control millions of dollars' worth of business. All of the Negro business in New Jersey will not amount to as much as our race has in one city in Georgia. This is also true in South Carolina and Virginia.

"New Jersey today boasts of more civil-rights legislation than any other State in the Union, and State government itself practices more discrimination than Virginia, North Carolina, South Carolina, or Georgia. New Jersey employs one Negro in the motor vehicle department. All of the States above-mentioned employ plenty.

"No matter what a Negro wants to do, he can do it in the South. In Spartanburg, S. C., Ernest Collins, a young Negro, operates a large funeral home, a taxicab business, a filling station, grocery store, has several busses, runs a large farm and a night club.

"Mr. Collins couldn't do all that in New Jersey or New York. The only bus line operated by Negroes is in the South. The Safe Bus Co. in Winston-Salem, N. C., owns and operates over a hundred. If a Negro in New Jersey or New York had the money and attempted to obtain a franchise to operate a line he would not only be turned down, but he would be lucky if he didn't get a bullet in the back.

"The attitude of the southerners toward our race is a natural psychological reaction and aftermath of the Civil War. Negroes were the properties of these people.

"Certainly you could not expect the South to forget this in 75 or even a hundred and fifty years. That feeling has passed from one generation to another, but it is not one of hatred for the Negro. The South just doesn't believe that the Negro has grown up. No section of the country has made more progress in finding a workable solution to the Negro problem than the South. Naturally southerners are resentful when the North attempts to ram a civil-rights program down their throats.

"The entire race program in America is wrong. Our approach is wrong. We expend all our energies, and spend millions of dollars trying to convince white people that we are as good as they are, that we are an equal. Joe Louis is not looked upon as a Negro but the greatest fighter of all time, loved and admired by whites in South Carolina as much as by those in Michigan. He convinced the world, not by propaganda and agitation, but by demonstration.

"Our fight for recognition, justice, civil rights and equality, should be carried on within the race. Let us demonstrate to the world by our living standards, our conduct, our ability and intelligence that we are the equal of any man, and when we shall have done this the entire world, including the South, will accept us on our terms. Our present program of threats and agitation makes enemies out of our friends."

The findings of Publisher Lee are just what any well-informed southerner, white or colored, has known all along. The only difference is that Publisher Lee has chosen to state plainly facts which agitation distorts, and which any Negro leader of lesser standing could not declare without subjecting himself to vituperation and charges of being "a white man's Negro."

Both white and colored people of the Nation must come to understand, and quickly, that much of the agitation attempting to break up their friendship and cordial relations is inspired by persons at home and abroad who have no interest whatever in seeing southern whites and Negroes march toward a firmer economic base and to higher economic base and to higher standards of living for both races.

THE HIGH COST OF LIVING

Mr. MURRAY. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD a letter just received from a Montana constituent who is typical, I am sure, of thousands of mothers in America. I strongly urge my fellow Members of the Congress to give her letter their careful attention. They will find it, as I have, a most graphic presentation of the overwhelming problems now besetting America's

families. Upon reading it, they will be convinced that so far as our people are concerned, we are truly confronted with a national emergency. They will, I hope, join with me in recognizing that it is our duty to stay on the job until we have passed legislation which will solve the overwhelming problems confronting the mothers of Montana and of the Nation.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

BUTTE, MONT., *July 28, 1948.*

Senator JAMES E. MURRAY.

DEAR SIR: I just heard Senator TAFT and Representative HALLECK speaking on their attitude toward the problems posed for the special session by President Truman.

Among other statements made by Representative HALLECK was one to the effect that many prices including that of haircuts were going down, and I am wondering how long since he has had one, and at which shop in which State he got it, certainly not in Butte, Mont. They also spoke of all the protection they have given the veterans and their dependents; I would surely like to see some of it. I very well know that my husband, a veteran of World War I, has received none of these despite the fact that due to a service-connected heart condition he has been unable to work at a gainful occupation for over 2 years, for this disability he is rated at 30 percent and allowed compensation at the rate of $41.40 per month; this completely disregards his dependents which include a wife and eight minor children. He is a man who worked steadily as long as he was able, and would gladly work now were he able, instead he has to stand helplessly by and watch his children be deprived of the necessities of life because the aid to dependent children in the amount of $130 a month which I receive simply won't provide more than a mere existence at today's high prices. Have you ever tried feeding, clothing, housing, and supplying medical, dental, and optical care on an income per person of $17 a month? Try it. Then you won't wonder why so many of our youth can't meet the physical requirements of our armed forces.

In the face of conditions such as these, can you with a clear conscience, vote to adjourn this special session without taking action to rectify these conditions?

If you can, my suggestion is that you at least act to supply gas chambers such as the Nazis had to eliminate people such as us, as being far more merciful than a slow death from malnutrition, which is sure to be our fate if inflation is allowed to continue unchecked.

My people have been giving their lives and services in defense of this democracy for over 130 years. I wonder if they could see the state of the common man now, if they wouldn't consider their sacrifices as being just wasted energy.

Hoping that I will have your answer soon, I remain,

Yours truly,

PATRICIA BURNS
(Mrs. Patrick J. Burns).

CLAIMS OF AMERICAN PRISONERS OF WAR AGAINST ENEMY NATIONS

Mr. O'CONOR. Mr. President, a statement in the National AMVET, the official publication of the AMVETS of World War II, for August 1948, pertaining to the question of claims of American prisoners of war against enemy nations, is of particular interest now to a great number of former prisoners of war in Maryland and other States.

It calls attention to the fact which some of us noted with deep regret, that Public Law 896, enacted during the closing days of the second session of the Eightieth Congress, failed to provide administrative or other necessary costs to effectuate the legislation.

Because it points so definitely to the need for action in this respect, I ask that the AMVET statement be placed in the body of the RECORD, as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

QUICK SETTLEMENT OF POW'S CLAIMS URGED

WASHINGTON.—Failure of the Federal Government to move promptly in setting up legal machinery to handle the claims of American prisoners of war against enemy nations brought an urgent demand for action from AMVETS this month.

Commander Edward C. Corry appealed personally to Director James E. Webb of the Federal Budget Bureau urging that the liquidated assets of enemy aliens be used to provide the necessary money for meeting these claims.

Corry pointed out that the Government already has upward of $70,000,000 in such assets available for transfer to the newly authorized War Claims Commission created by Congress for the express purpose of adjudicating the claims of American POW's.

Although the War Claims Commission was established under Public Law 896, as passed by the Eightieth Congress, Commander Corry called Mr. Webb's attention to the fact that no appropriation is included in the law.

Said Corry:

"Inasmuch as we feel this is an urgent problem for those veterans who paid such a high price in suffering for our victory and because they have waited patiently since 1945 for this Commission, it is felt by AMVETS that the Bureau of the Budget should now take whatever steps may be necessary in fulfilling the intent of Congress that an appropriation be made."

The new law applies particularly to the claims of prisoners who suffered cruel and inhuman treatment in violation of the Geneva covenants.

The bulk of such claims, of course, are against the Japanese Government.

DEVELOPMENT OF CIVIL-TRANSPORT AIRCRAFT

The PRESIDENT pro tempore. Morning business is closed. The Chair lays before the Senate the unfinished business, which will be stated.

The CHIEF CLERK. A bill (S. 2644) to provide for the development of civil-transport aircraft adaptable for auxiliary military service, and for other purposes.

HIGH COST OF LIVING

Mr. WILLIAMS. Mr. President, I appeared before the Senate Committee on Banking and Currency and presented to that committee certain facts regarding the destruction of food in America, which is now taking place under the authority of the Department of Agriculture. It has been recognized that one of the major problems facing this country today is the high cost of living. The President of the United States apparently felt that this problem was serious enough to use it as one of the excuses for calling Congress back into session.

I was not at all surprised to hear the President last Tuesday in his message to the joint session of Congress ask for a restoration of price controls and rationing. Soon after assuming my duties in the Senate, it became evident to me that the present New Deal administration had no other method to offer to meet the high cost of living than through the rigid controls of our economy, and it was determined to reinstate them even though our experience under OPA demonstrated that controls in peacetime would retard rather than increase production.

I am not disputing the statement of the President that the cost of living today has reached fantastic heights. Nor am I questioning the wisdom that some action should be taken to remedy the situation. I do differ with the administration, however, on what method should be taken.

Rather than restore price controls, which President Truman once described as "police-state methods," and revive the black markets in this country, I think it would be much more sensible to examine the policies of the New Deal administration over the past 16 years which have contributed to high prices and then make necessary adjustments.

One of the first acts of the New Deal administration 15 years ago was the deliberate devaluation of the American dollar through the abandonment of the gold standard, followed in rapid order by the creation of numerous alphabetical agencies, whose principal functions were the redistribution of wealth along socialistic patterns through the medium of 14 years of deficit financing.

This philosophy became so brazen that the New Deal apostle, Harry Hopkins, coined his memorable phrase, "We will tax and tax, spend and spend, and elect and elect."

One overlooked factor contributing to the high cost of living is the high cost of government, which today requires for its support an average of 31 cents out of every earned dollar.

The New Deal administration has completely ignored the historical fact that continued excessive Government expenditures lead to ruinous inflation. In fact, the President in his message to the Congress still ignored this economic principle when, in one sentence, he urged the Congress to take action on the high cost of living, and at the next moment called for additional Federal spending on a gigantic scale and an enlargement of Government subsidy programs.

The policy of the administration has been not only to continue but in many instances to further enlarge the payment of Government subsidies to farmers as well as to numerous industrial corporations. Actually we are today spending annually hundreds of millions of dollars subsidizing industry during the period of the greatest prosperity our country has ever experienced. Many of these subsidies could have been eliminated or at least drastically reduced during recent years, yet no suggestion is made along these lines. Even today we have on our Senate calendar bills calling for subsidy

payments to the mining industry, the aviation industry, and to many other groups. All these bills have the enthusiastic support of Senators on both sides of the aisle, many of whom are here today criticizing the high cost of Government.

In his message the President endorsed the principle of raising wages in industry, and again claimed this could be done without necessitating increased prices. At the same time, he recommended and urged increased wage levels for Government employees; however, in this instance, as Chief Executive of the greatest corporation in the United States, the Government itself, he admits his inability to perform the miracle and requests Congress to appropriate additional sums, making no effort to absorb the wage increase in the normal income of the Government.

The President points out that production in industry has not reached the expected goals in meeting supply and demand; however, he makes no reference to the fact that it was the New Deal administration which recommended reducing the 44-hour week immediately following the war to prevent at that time the depression predicted by the brain trust.

To further demonstrate the lack of sincerity on the part of the present New Deal administration in taking adequate steps to reduce the cost of living, notably the housewife's food basket, I wish at this time to present some examples of a policy now being used by the New Deal administration deliberately to hold prices up. I refer now to the farm price-support program which the President, if he were sincere, would have requested Congress to revise on a realistic basis.

This program is a byproduct of Henry Wallace's brainstorm under which he advocated plowing under every third row and killing every fourth pig to remove the agricultural surpluses of the country. To show how this program works to keep prices up, I shall cite a few examples.

The first example I cite is that of potatoes.

At the very moment I speak here, agents of the Department of Agriculture are swarming over the potato-producing areas of the Nation, buying from the farmers potatoes at a price averaging $2.75 per hundredweight. Since the Congress adjourned in June, I have spent considerable time watching this wasteful program function. I would recommend that each Member of the Senate who is interested in the high cost of living visit some of these agricultural areas and see for himself these programs in operation.

I had previously felt that my knowledge of this program was reasonably complete, but I was both amazed and disgusted, as were the farmers themselves, with the policy of our Government in its methods of administering this program.

I saw farmers delivering strictly U. S. No. 1 potatoes to the Government at the delivery centers and receiving in return a price of $2.75 per hundredweight. The purchases were being conducted by a group of Government buyers on the spot.

At the same location other Government agents were offering for resale these same potatoes to other farmers and in many instances to the same farmers who produced them, for the ridiculously low price of 1 cent per hundredweight. The principal condition to the contract which the farmer signs when purchasing these potatoes for 1 cent per bag is that he will not allow any of them so purchased to be used for human consumption. He is allowed only to feed these strictly No. 1 potatoes to domestic animals.

In plain language, it was perfectly legal under this contract to feed these potatoes to any livestock, whether they be cattle, hogs, or dogs, but under no circumstances could he allow his children to eat them, regardless of the need. I have witnessed the dumping of hundreds of bags of good edible potatoes into the hog lots. This procedure is comparable to that which is being carried out all over the Nation right now while we debate the high cost of living.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. LUCAS. Will the Senator name the farmer to whom he has been referring?

Mr. WILLIAMS. No, because I am not criticizing the farmers. I am criticizing the administration. If the Senator from Illinois wants to verify my statement, he can obtain records from the Department of Agriculture, or if he will come to the State of Delaware I shall be glad to take him for a ride in my automobile and show him where it occurred.

Mr. LUCAS. I do not care to take an automobile ride with the Senator from Delaware.

Mr. WILLIAMS. In the Senator's own State of Illinois the same thing is going on.

Mr. LUCAS. I asked the Senator a simple question. He made the statement that he could prove that the Government was buying potatoes from certain farmers and selling them right back to the same farmers, and I asked him to name one farmer, which he refuses to do.

Mr. WILLIAMS. Because I am not criticizing the farmers.

Mr. LUCAS. I am not, either.

Mr. WILLIAMS. I shall read a letter from the Department of Agriculture in connection with the question, because the Senator from Illinois seemed to be in a little doubt——

Mr. LUCAS. I am not in doubt about anything. All I am asking is that the Senator name one farmer. I do not care anything about hearing a letter from the Secretary of Agriculture. The Senator has made a statement, and I think he ought to give me the information requested.

Mr. WILLIAMS. I am not criticizing any farmer. Of the 1948 crop, all of which has been dug since Congress adjourned on June 20, the Government has disposed of 3,410,000 bushels of strictly No. 1 potatoes in the manner in which I have indicated, for which the Government has paid from $2.75 to $2.90, for the farmers to dump into the hog lots at one penny a bag.

The Secretary of Agriculture who appeared before the committee yesterday admitted all these things. I am not bringing in the names of the farmers involved, because it is not the farmers' fault.

Mr. LUCAS. Whose fault is it?

Mr. WILLIAMS. It is the fault of the Congress and the President of the United States.

Mr. LUCAS. I am very happy that the Senator has included the Congress of the United States, because the Congress, as the Senator well knows, continued the support program over the protest of the Senator from Vermont [Mr. AIKEN] and other Senators who sought a program at the last session which would take care of the very situation about which the Senator from Delaware is complaining. We discussed the potato question for days, and after the Senate passed a long-range farm program which would have effectively dealt with the question, the Republicans in the House refused to go along with the bill and brought back the same old 90-percent parity guaranty on basic and nonbasic commodities. So the Secretary of Agriculture has a mandate from the Republican Congress to do exactly what he is doing with reference to potatoes.

Mr. WILLIAMS. I am glad the Senator from Illinois has brought that up, and I want at this time to call his attention to the fact that I voted against this unsound program while the Senator from Illinois voted for it, as did every Democrat except one on the other side of the aisle.

Mr. LUCAS. The Senator does not know what he is talking about with respect to the farm program I am discussing.

Mr. WILLIAMS. The President of the United States criticized the bill by saying it was not liberal enough to the farmers.

Mr. LUCAS. I am not speaking of what the President of the United States did; I am talking about what Congress did.

Mr. WILLIAMS. And I am talking about what the Senator from Illinois did.

Mr. LUCAS. I am talking about what the Senator from Vermont [Mr. AIKEN] who was the leader of a long-range farm program containing flexible parity provisions, proposed, which would have taken care of the very situation to which the Senator is now referring. He could not get it through because the House of Representatives, led by the distinguished Representative from Kansas [Mr. HOPE], chairman of the House Agriculture Committee, would not let the bill pass. The House sent this bill back with the same old support program. Now the Senator from Delaware criticizes the Agriculture Department for the potato situation, when all that it is doing is acting under a mandate of this Congress, and nothing else.

Mr. WILLIAMS. Does the Senator from Illinois think that if the Secretary of Agriculture had not been acting under a mandate of the Congress his actions would have been different?

Mr. LUCAS. Of course. If the Congress had given him flexible authority to deal with the potato situation and with the citrus-fruit situation, with raisins, chickens, eggs, and every other basic and nonbasic commodity, of course, the situation would have been different from what it is at the present time. If there is any responsibility in connection with the potato question or with respect to any other nonbasic commodities, and the Government has to go into the taxpayers' pockets to pay a subsidy, the responsibility rests with the Republican-controlled Congress, because it had an opportunity to correct the situation. The Committee on Agriculture, headed by the distinguished Senator from Vermont after investigations throughout the country, brought back a program which was adopted in the last days of the session, because of the courage of the Senator from Vermont. He had difficulty in getting the policy committee to accept the bill, but it was finally overwhelmingly passed by the Senate. The House refused to go along with it, and so the identical support program was brought back. We agreed to continue the bill providing 90 percent of parity on basic and nonbasic commodities for 1 year, and that is why the potato situation is as it is today. That is the only reason.

I challenge the Senator to show where the Secretary of Agriculture is exceeding his authority under the mandates laid down by the Congress of the United States.

Mr. WILLIAMS. Mr. President, I ask the Senator from Illinois to remain in the Chamber for a few minutes, because I am going to discuss a part of this program over which the Congress did not give the Secretary of Agriculture a mandate and under which food is being removed from the American markets.

Mr. LUCAS. I shall be glad to remain.

Mr. WILLIAMS. I emphasize that I stood on the floor of the Senate at the time the agricultural program was up for discussion and denounced it as economically unsound. I voted against it. I live in an agricultural county which ranks third in agricultural production east of the Rocky Mountains, and rates ahead of any county in Illinois. The Senator from Illinois and every Democrat on the other side of the aisle voted for the program, with the exception of one, so there is no use criticising the Eightieth Congress or the Republican Party. There is nothing in the law instructing the Secretary of Agriculture to destroy food. I said at the time that the program was unsound, and I repeat, it is still unsound, but it is absurd for the President to ask for price controls when at the same time the Government is supporting those prices at artificially high levels. It cannot be done.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield for a question.

Mr. LUCAS. Rather an observation. I am not going to debate the issue the Senator is discussing. The only thing I am trying to get straight in the minds of the people is the potato question. As I understood the Senator, he was attempting to lay the responsibility and assess the blame upon the Department of Agriculture for what was going on in the disposition of surplus potatoes. My only point is that whatever goes on with respect to potatoes, the Secretary of Agriculture is following the mandate laid down by the Eightieth Congress in the last session. That is the point I wish to make, and that is the point the American people ought to have made clear. Instead of blaming the Department of Agriculture, the Senator should lay all the responsibility on the Congress of the United States where it legitimately belongs, and not upon the executive branch of the Government which is compelled under the Constitution to execute faithfully the laws the legislative branch enacts.

Mr. WILLIAMS. I still say, Mr. President, and without excusing the actions of the Congress at all, either my party or the other, that the major part of the responsibility for this program does lie with the Secretary of Agriculture. There is nothing in the law anywhere which says that the Secretary of Agriculture shall destroy these potatoes, or sell them for the prices being received. We are now operating the European recovery program, under which we are feeding Europe, and why are not any of these potatoes shipped to Europe?

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. LUCAS. The Senator knows that many of the potatoes are not the kind that can be shipped. There is a potato raised in Alabama, many of which were destroyed last year, about which a great fuss was made all over the country, a peculiar potato that had to be shipped in a refrigerator car and be in New York within 3 days after it was dumped on the ground. But the growers could not get refrigerator cars, and the potatoes had to be destroyed. It is necessary in most cases to dehydrate them in order to send them to Europe, and that is not being done.

Mr. WILLIAMS. I do not think the Senator from Illinois can tell me much about potatoes. I handled potatoes for 25 years before I came to the Senate. The potatoes in Virginia, North Carolina, Maryland, and Delaware cannot be exported satisfactorily, it is true. But those potatoes can be stored in warehouses in the United States, and they will keep until the middle of winter, and will still be good enough to eat. I have eaten such potatoes.

The potatoes the Government buys, which are produced in New Jersey, Pennsylvania, or anywhere in the northern section, are good for export, but they were not exported. For instance, during the period when the Luckman committee was in control, which was advocating the conservation of food in America, over 1,000 cars of good northern potatoes which could have been exported, were given to the alcohol companies free of charge, and as if that were not attractive enough, the Government paid out additional money to get them to take them off their hands.

Potatoes were exported last year to the Argentine, to Buenos Aires, which is twice the distance potatoes would go if they were shipped to Europe. I know potatoes can be exported, and the Senator from Illinois need not tell me they cannot. They have been exported by the Department of Agriculture, to South American countries, during the winter months, good potatoes, that could have gone to Europe, and the interesting point is that they were sold for shipment to people in South America at prices lower than those the Department of Agriculture was allowing the American housewife to pay for them.

Mr. LUCAS. That is a very interesting observation, but what I am saying, in substance, is that in spite of the criticisms the Senator is making against the Department of Agriculture if potatoes were sent abroad and were rotting, for example, on the docks at Southampton, the information would be sent all over this country, and the Senator from Delaware would be the first to rise and criticize the Department of Agriculture in case they lost some carload lots.

Mr. WILLIAMS. Well, why should they rot on the docks? Let the people eat them. Potatoes are now being rationed in Europe. The potatoes I am referring to could have been shipped to Europe. There is no one in the Department of Agriculture who can convince me otherwise. If they can go to South America, they can go to Europe, and I know they can be exported. Any man who has ever handled potatoes will agree with that. I do not refer to the southern potatoes, but the southern potatoes now being destroyed could be held in warehouses and the American people could use them while the northern potatoes could be exported. This would have eliminated the necessity of scraping the bottom of the American grain bins.

Mr. LUCAS. As I understand, the Senator is absolutely opposed to any kind of a support program.

Mr. WILLIAMS. No; I believe in a support program, but not one which supports any agricultural commodity or any industry—at artificially high levels, especially during a period of our greatest prosperity.

Mr. LUCAS. Did the Senator vote against the Aiken bill?

Mr. WILLIAMS. Yes, and the Senator from Illinois voted for it.

Mr. LUCAS. That is typical of the political philosophy of most of the eastern Republicans.

Mr. WILLIAMS. That is all right; I am still condemning it, and the Senator from Illinois is upholding it. The same program can be carried out under the Aiken bill.

Mr. AIKEN. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS. I yield.

Mr. AIKEN. In order to keep the subject out of politics, I should like to say that Governor Dewey has publicly announced that a long-range farm bill

should be the cornerstone of a good farm program.

Mr. WILLIAMS. I said at the time the bill was under discussion, as will be found if Senators will read the RECORD, and I repeat now, that I believe we should have a sound agricultural program. I have been as close to agriculture as has any other Senator, but I do not think any agricultural program which guarantees a margin of profit is economically sound. An agricultural program is supposed to keep the farmers from going bankrupt in hard times, or tide them over an emergency. It is not supposed to guarantee them a profit, and $2.75 or $2.90 a bag is a big price for potatoes. Farmers can make a great deal of money growing them at that price if they have a reasonable yield. Any potato grower will verify that. Do not forget that the American housewife is caught in the middle of this program.

Mr. LUCAS. Mr. President, will the Senator yield further?

Mr. WILLIAMS. I yield.

Mr. LUCAS. Was the Senator from Delaware present yesterday when Mr. Brannan, the Secretary of Agriculture, testified?

Mr. WILLIAMS. I was present, yes.

Mr. LUCAS. Did the Senator hear him say he was unalterably opposed to the subsidy program upon potatoes, but was carrying out the mandate of the Congress of the United States?

Mr. WILLIAMS. I heard him say that it should be revised, but he failed to tell what his program was. I asked him if he would join with me in saying that the program should be repealed or revised, and I am still waiting for his answer.

Mr. LUCAS. Of course he does. He could not be against subsidies on potatoes without desiring a change in the law.

Mr. WILLIAMS. Yes.

Mr. LUCAS. The point I am making is that the Senator cannot put the blame on the Secretary of Agriculture.

Mr. WILLIAMS. The Secretary of Agriculture does not have to destroy these potatoes under any law. I have said before, and I repeat again, there is no justifiable reason for the destruction of good food in America.

Mr. HATCH. Mr. President, will the Senator yield to me?

Mr. WILLIAMS. I yield.

Mr. HATCH. I was interested in the remark made by the Senator from Vermont about the endorsement given by Governor Dewey to the farm program. As I understood him, he said Governor Dewey favored a long-range agricultural program. Does that mean that the Governor has specifically endorsed the Aiken bill?

Mr. AIKEN. I think it means that.

Mr. HATCH. He did not refer to it by name, but merely said he favored a long-range program.

Mr. AIKEN. Yes, he referred to the specific price support and the bill which was approved by this Congress.

Mr. WILLIAMS. To continue what I said before; when these potatoes are sold to the farmers it is perfectly legal under the contract of sale to the farmers to feed the potatoes to any livestock, whether they be cattle, hogs, or dogs, but under no circumstances could he allow his children to eat them, regardless of the need. In recent weeks I have witnessed the dumping of hundreds of bags of edible potatoes in the hog lots. The procedure is comparable to that which is being carried out all over the Nation right now while we debate the high cost of living.

Out of this year's potato crop alone the Government has disposed of 3,410,000 bushels of strictly No. 1 potatoes in the manner I have just described. This is not the whole story. In addition, the Government has purchased over 5,000,000 bushels of potatoes which have been diverted to the distillers of this country, for which the Government has actually paid out money to get the distillers to take them off its hands.

The loss to the Government to date on the 1948 white-potato crop alone is approximately $16,000,000, the bulk of which has been sustained since Congress adjourned June 19, 1948. It is ironical to read in the Government reports that large quantities of potatoes were being dumped into alcohol plants in Philadelphia at the very moment when, on the other side of the city of Philadelphia, the Democratic Party was adopting a platform endorsing this unsound program, and at the same time loudly proclaiming its sympathy to the American housewife, who is obliged as a result to pay continued high prices for potatoes. While the Democratic Convention was in progress in the city of Philadelphia, on the other side of the city the distilleries were actually dumping over 100 cars of good potatoes, and the Government paid out approximately $10,000 to get the distillers to take those potatoes off their hands.

ANOTHER FOOD ITEM

Our Government has spent in recent months $32,000,000 to make certain that the eggs purchased by the housewife will not drop in price. The eggs purchased under this program have been disposed of principally in foreign-occupied areas and at a loss of over $24,000,000. This loss in itself is not so much as the effect such operations have on the cost of a purchase at the grocery store by the housewife.

I hope the Senator from Illinois will not leave the Chamber just now. We are reaching a particularly interesting point.

Mr. LUCAS. If the Senator from Delaware has any question he wishes to direct to the Senator from Illinois, I shall be glad to answer.

Mr. WILLIAMS. It so happens that the part of the program I am discussing now is not mandatory on the Department of Agriculture. It is not written into law. For instance, I shall now call attention to the fact that early this year when the market price for prunes began to decline the Government began purchases. There is nothing in the law which says the Secretary of Agriculture must support the price of prunes.

Mr. LUCAS. Well, the Senator from Delaware just does not know the law.

Mr. WILLIAMS. The Secretary of Agriculture himself confirmed this fact that while he has the power to do it if he wishes, it is not mandatory.

Mr. LUCAS. The Senator from Delaware will recall what we wrote into the ERP legislation with respect to prunes, raisins, and other California fruits.

Mr. WILLIAMS. Yes, but that does not make the support of such fruits mandatory.

Mr. LUCAS. The Senator from Delaware knows that Congress wrote into the ERP legislation provisions with respect to California fruits and commodities, as applied to that program.

Mr. WILLIAMS. Where is the language with respect to prunes mandatory?

Mr. LUCAS. The Senator from California is on the floor. He offered an amendment, which I understand the Senator from Delaware supported, giving the citrus growers and prune and raisin growers of California the right to dispose of their surplus crops under the ERP program in order that the needy European people might get them. I believe the Senator from Delaware supported that amendment.

Mr. WILLIAMS. The Senator from Illinois is just a little off base. I appeared before the committee, as I believe the present occupant of the chair, the President pro tempore, will confirm, and protested against that amendment, as I thought it was unsound. I voted against the amendment on the floor of the Senate. As I remember the Senator from Illinois voted for it.

Mr. LUCAS I certainly did. I thought it was a very good thing.

Mr. WILLIAMS. I know the Senator from Illinois thought it was a very good thing. But to show how it is working out, I will say that immediately the Government entered the market and purchased over 140,000,000 pounds of prunes under that provision of the law, at a cost of $15,000,000. These in turn were diverted for foreign consumption in foreign occupied areas at a loss of over $9,000,000 to the American taxpayer. They were sold with the proviso that under no circumstances should they be offered for resale in the continental United States, while at the same time, and as a consequence, the retail price of prunes to the American housewife immediately started to rise.

Mr. LUCAS. The Senator from Delaware should not be talking to me. He should be talking to the Senator from California, who knows all about this matter.

Mr. WILLIAMS. I thought the Senator from Illinois was interested, because he defends this program and supported the amendment.

Mr. LUCAS. No, Mr. President; the Senator from Delaware is mistaken. I did not offer an amendment respecting prunes. I am trying to take care of the corn, wheat, soybean, and hog producers in Illinois.

Mr. WILLIAMS. I will come to them in a moment, and show what is being done with respect to them.

Mr. LUCAS. Well, the farmers in my part of the country are doing pretty well. I do not know how they are doing in Delaware under the able leadership of the Senator from Delaware.

Mr. WILLIAMS. Well, I agree with you the farmers in Illinois are doing all right under this program, but how about the housewives in Chicago? The farmers in both States do better when managing their own affairs.

Mr. LUCAS. If so, they are doing very, very well.

Mr. WILLIAMS. I repeat, it will be better for everyone in the country when the Government takes itself out of this situation, and the producers are permitted to manage their own affairs.

Mr. LUCAS. Yes; let them go back to a condition such as we had in 1932, when they turned the black acres loose and managed their own affairs.

Mr. WILLIAMS. I say that if a great many of the Government regulations are dispensed with the farmers will produce the food the country needs. I call your attention to another food product.

In the early part of this year the market on dried raisins indicated weakness, and again the Government entered this market—which is something the Senator from Illinois said he agreed with and approves—and purchased 170,000,000 pounds of dried raisins—again disposed of them with the understanding that they could not be resold in the continental United States. No, Mr. President, the American housewife cannot be permitted to buy them. The raisins are here and could be made available to her at a reasonable price; but, no, she cannot buy them. The Government purchased 170,000,000 pounds of dried raisins at an approximate cost of $16,000,000 and diverted them from the normal trade channels, sustaining a loss in this instance of over $7,000,000. Immediately the retail price for dried raisins started to rise. We deduct a little additional from the American housewife's husband's pay envelope to pay for this loss so as to hold up the price.

Mr. LUCAS. What would the Senator from Delaware have done with the surplus prunes and raisins in California?

Mr. WILLIAMS. I would have let the American people buy them.

Mr. LUCAS. Suppose no one had bought them, then what would the Senator have done?

Mr. WILLIAMS. If we have reached the state where no one would buy these food products at a reasonable price, then I would say that the Senator from Illinois, and the President of the United States, have wasted a lot of time talking about the high cost of living.

Mr. LUCAS. How about the Senator from California [Mr. KNOWLAND], who offered the amendment? He was interested in the matter of whether the producers in California were going to lose money on these crops.

Mr. WILLIAMS. The Senator from Illinois can ask the Senator from California and secure a reply from him. I will say that the proposal was a rather interesting one to me. Everyone seems to be concerned about the farmer around election time.

Mr. LUCAS. Everyone but the Senator from Delaware. He apparently is not concerned about the farmer.

Mr. WILLIAMS. Yes, the Senator from Delaware is concerned about the farmer, because if this kind of practice is continued we will have no agricultural program. Do not overlook the fact that the citrus products were bought from the dealers. The farmers had previously sold these products to the dealers. The harvest season was past. It was merely a matter of bailing out a bunch of dealers, using the farmers as an excuse. I have a list showing every single dealer from which the products were bought, and the prices paid to them.

Mr. LUCAS. The farmers have done pretty well under the so-called New Deal program.

Mr. WILLIAMS. If they can be made to forget how much of the huge national debt has been charged up against each one of them, yes.

Mr. LUCAS. The farmer has been pretty well satisfied.

Mr. WILLIAMS. This November will tell us how well satisfied they are. The farmers were not satisfied 2 years ago.

Mr. LUCAS. He was not satisfied 2 years ago with the OPA because of what Republicans promised if it were abolished.

Mr. WILLIAMS. Perhaps you will find out how well satisfied the farmer is after November 2.

Mr. LUCAS. The Senator from Delaware knows, and I know, that the farmer has more money in the bank now, is more prosperous, and his living conditions are much better than ever before. There is more rural electricity available to him, he has more refrigerators, washing machines, telephones, and more of the good things of life than he ever had in the history of America, and that improvement has come about under a Democratic administration.

Mr. WILLIAMS. I agree with what the Senator has said respecting the improvement in the farmers' situation, but do not forget that these improvements are charged up against him in our national debt. That is another reason I say there is no justification for a subsidy at this time either to the farmer, industry, or any other group.

Mr. LUCAS. Ah, but what would the farmers' condition be had it not been for the program laid down by the Democratic administration back in 1933, when farmers all over the country, even in Delaware, were bankrupt; when a judge in Iowa was taken off the bench and threatened with hanging because he signed decrees of foreclosure? Had it not been for the imagination and courage shown by the Democratic administration, which entered upon a legislative program in 1933, for the improvement of the condition of the people of the country, the farmer never would have pulled out. Under the Republican theory just now being advocated by the Senator from Delaware he would have been unable to get out from under. Apparently the Senator from Delaware wants the farmers to go back to the condition in which they were in 1931, 1932, and 1933 when we had the worst depression in the history of the country.

Mr. WILLIAMS. When the Senator refers to 1932, all he can think of is "depression." It is no more correct to charge that depression, which was world-wide, against the Republican Party than it would be now to charge World War II against the Democratic Party just because they happened to be in power.

Mr. LUCAS. I am sure that is what the Senator would like; to go on back to the 1932 depression, because every political view he represents on the floor of the Senate demonstrates his reactionary viewpoint upon government. He would like to go back. But I want to remind the Senator that nothing is static in this world, and that things move on regardless of the Senator from Delaware and myself. The country cannot stand still. It cannot go back. We must move forward.

Mr. WILLIAMS. I agree with you, things do change. That is the reason the Republicans are coming back into power.

Mr. LUCAS. We will wait and see about that.

Mr. WILLIAMS. Mr. President, I will describe their operations in another commodity—the market price for grapefruit juice began to decline from the wartime price level. Again the Government rushed into the market and purchased 1,500,000 gallons at a cost of $2.25 per gallon and immediately offered it for resale to be distributed outside this country at slightly less than 40 cents per gallon, sustaining a loss of $3,000,000, and pushing the retail price of this product to higher levels.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. WILLIAMS. I should like to finish this statement.

Mr. LUCAS. The Senator called me back. I was ready to leave, and he called me over here.

Mr. WILLIAMS. I am glad the Senator is over here. I should like to finish this statement.

On the transaction to which I have referred the Government lost $3,000,000, and the price of grapefruit juice began to rise.

I now yield to the Senator from Illinois and ask, Does he believe that the program I am describing should continue? It is not mandatory upon the Secretary of Agriculture to continue it. Does the Senator believe that he should do so?

Mr. LUCAS. Let me ask the Senator, if he had been a citrus grower, if he would have taken any money for grapefruit juice under those circumstances?

Mr. WILLIAMS. If I had been a citrus grower, I would have sold it, just as the citrus growers did. I am not criticizing the producers, as I stated in the beginning. I criticize the policy of the administration; and I point out to the Senator from Illinois—which he can check if he wishes—that the farmers have very little chance under the potato program, and many other programs, other than to sell to the Government, because all the private buyers who used to handle those products have been forced out of busi-

ness. On the eastern shore of Virginia today, where 10,000 to 12,000 cars of potatoes are moved, we find very few private buyers left, because they cannot stay in business. No private buyer can operate in competition with the Government, which is handling the taxpayers' money, and does not care how it handles it. The farmers are forced to go into this program.

Mr. LUCAS. I thank the Senator for yielding to me.

Mr. WILLIAMS. The Government decided that the retail price for honey was not high enough, so it purchased 11,800,000 pounds at an approximate cost of $1,500,000 and shipped it outside this country. A loss of approximately $1,000,000 resulted, and the American housewife was forced to pay a higher price.

On June 30, 1946, the ceiling price on wheat was $1.74 a bushel. At the present time the Department of Agriculture has buyers in the Midwest supporting the market for wheat at an average of $2 a bushel. The Secretary of Agriculture has advised the farmers to store their wheat in the warehouses and to withhold it from the markets until such time as arrangements can be made with the Government buyers at the support prices.

The American housewife cannot expect the price of bread to decline so long as the Government insists upon maintaining the price of wheat at the present level.

The same statement made in reference to wheat applies with equal force in the corn market. In this instance the Government has announced a parity price at $1.59 per bushel, which is 17 cents per bushel higher than the maximum ceiling price prevailing during the war.

With the Government pledged to support the price of corn at these high levels, the American housewife cannot expect to buy cheaper pork and beef.

The Government has announced that it will support the wool market around 43 cents a pound. The 43-cent price is about 30 percent higher than the average price for which this commodity sold in the preceding 10 years. So long as this program remains in effect, you cannot expect cheaper woolen products.

Cotton is an essential product for every American home. In the preceding 10 years, including the war years, the average price which the American farmer received for cotton was 18 cents per pound. Today the Government is supporting the cotton market at approximately 28 cents per pound, or an increase over the preceding 10-year price of 50 percent.

How can the American housewife entertain any hope that under the administration's program she will be able to buy cheaper clothing? I wish someone in the administration or someone on the other side of the aisle would explain to me how it is mathematically possible to roll back prices to a level as recommended by the President, not to exceed 20 percent over the June 30, 1946, price, and at the same time continue a program under the Department of Agriculture whereby the administration itself supports the markets at levels greatly exceeding those figures. The administration has resisted every effort on the part of Congress or anyone else to modify this program.

After the ceiling price was removed on sugar, under a free market the price began to adjust itself at a reasonable level, and the market conditions indicated that the retail price would gradually become stabilized at a normal level.

The import quota was fixed on January 2, 1948, at 7,800,000 short tons, but as soon as the markets began to indicate weakness this import quota was reduced by the Department of Agriculture on February 26, 1948, in the amount of 300,000 tons. In the bulletin announcing that reduction in the import quota the Department pointed out that sugar prices in the United States had declined to a level below those prevailing while ceiling prices were in effect; therefore the import quota was being reduced to strengthen the market. They wanted to be sure that the market would not go down.

On May 26, 1948, a further reduction of 500,000 tons in the import quota was made by the Secretary of Agriculture and again the same reasons were given; namely, to check a declining market. Obviously the administration was determined that the sugar prices should remain high.

In every instance the Department's action of reducing the quota was followed by increased sugar prices, which completely contradicts the statement of the administration that it is concerned with the high price which the housewife pays for her sugar.

I have been advised that the Department of Agriculture has belatedly recognized that perhaps it has overdone this cutting back and either has recently or expects to in the very near future revise this quota upward.

I was advised yesterday that a third change has been made, as of July 26, and that the quota has now been revised upward.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. LUCAS. Has the Senator discussed eggs and poultry?

Mr. WILLIAMS. I am coming to eggs and poultry.

Mr. LUCAS. The Senator from Delaware, I understand, is very much interested in those commodities.

Mr. WILLIAMS. I shall reach it shortly.

Mr. LUCAS. I should like to hear what the Senator has to say on that subject, because eggs and poultry have been treated in similar fashion with potatoes.

Mr. WILLIAMS. I invite the attention of the Senator from Illinois to something which he perhaps does not know. So far as I know, not a single farmer in the State of Delaware has ever been subsidized in connection with poultry.

Mr. LUCAS. Let the Senator go ahead and talk about eggs and poultry.

Mr. WILLIAMS. First I ask, Can the Senator from Illinois say the same thing about his constituents?

Mr. LUCAS. The Senator is in that business, and he knows all about it.

Mr. WILLIAMS. Yes, I am proud to say that our farmers have been doing all right without the support of the Government.

MEAT

The Government is supporting the price of pigs, beef, cattle, veal, sheep, chickens, and turkeys all at prices higher than the ceiling prices which prevailed during the war. To further aggravate the situation, the administration has recently announced a program for stock piling meats for future Government use and is launching its purchases for this stock piling during the current summer months, at a time when prices are extremely high, and during the months of lowest normal production.

Evidently the administration is determined to prove its statement that the American housewife will not be able to get meats.

I now yield to the Senator if he wishes to make comment. I should like to know how his farmers in Illinois are doing.

Mr. LUCAS. The Senator does not need to ask me about my farmers in Illinois. He is making the address. All I am trying to do is to elicit some information about poultry and eggs. The Senator is an expert on that question. I know that the Government has subsidized the poultry dealers of the country under the 90-percent guaranty of parity in connection with nonbasic commodities. I was wondering whether or not the Senator had benefited as a result of that provision of the law.

Mr. WILLIAMS. The Senator from Delaware has not benefited a single penny.

Mr. LUCAS. Many poultry raisers throughout the Nation have.

Mr. WILLIAMS. I have not benefited a single penny. Furthermore, to my knowledge not a single farmer in the State of Delaware has called on the Government for a subsidy on poultry.

Mr. LUCAS. That is very fine. I congratulate the Senator from Delaware. The Senator from Delaware will not deny that the law applies equally to the poultry farmers of Delaware as it does to the farmers in every other section of the country. If there was any subsidy coming to the farmers of Delaware, I presume they might take just a little of it if they had the opportunity.

Mr. WILLIAMS. The Senator from Illinois says that they had the opportunity. I have pointed out that they have not taken advantage of the opportunity. If he wishes to prove otherwise, let him produce the record.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. AIKEN. At the present time the Government is supporting the price of eggs in the Midwest, but it is supporting them at 35 cents a dozen, which is a long way from the 75 or 80 cents which the consumer is paying for them. Somewhere between the price of 35 cents and the price of 80 cents there is about 45 cents which is lost in handling, transportation, profits, and other charges. I am glad that the Senator gave me an opportunity to point out that when the eastern consumer complains about the

high cost of eggs, we should not blame the farmer for it, nor Government price support, because the support is 35 cents a dozen.

Mr. WILLIAMS. I am not blaming the farmer, because laws are enacted in Congress. The President of the United States and the Congress together should assume responsibility. I am not criticizing the farmers for participating in this program. I have made that plain from the beginning. I am not criticizing them any more than I would criticize consumers in the cities during the war who bought food products when they were being subsidized by the Government. They had no choice. But I do criticize the economic soundness of the program. I think we have a right to criticize it. Otherwise the facts will not be brought out. I do not believe that it is sound to continue a program which supports at such high levels any agricultural commodities. I objected to the same thing in connection with industrial subsidies on numerous occasions. Many times the Senator from Illinois has complained at the large amount of money which industrial corporations are making. He will find that I was voting against him on industrial subsidies. I was one of the group of Senators—and we did not have the assistance of the Senator from Illinois, unfortunately—who in the closing days of the last session opposed the subsidy bill for the aviation industry; and I joined with the Senator from Missouri [Mr. KEM] in opposing a subsidy bill for the mining industry. I wish on that occasion we had had the enthusiastic support of the Senator from Illinois. I am opposed to subsidies, either to industry or to agriculture, at all times of prosperity. I do not think they are economically sound.

Mr. LUCAS. Mr. President, the Senator from Delaware has a right to his position, of course.

If he will further yield, for one last remark by me, and then I shall cease and desist, let me say that when the Senator began his able address on the subject he evidently wished to leave the implication, and it seems to me that he has continued to try to do so, that the Department of Agriculture is to blame for all the bungling about potatoes and what not. What I maintain is that the Secretary of Agriculture is acting under the authority granted him by the Congress of the United States; and what he has done is what he has been required to do by the law which was passed at the last session of Congress.

I repeat that if the courageous Senator from Vermont [Mr. AIKEN] had had his way in the Congress, and if the Congress had passed the Aiken bill, with the flexible provisions so far as concerns parity on basic and nonbasic commodities, we would not have the trouble which now exists with respect to potatoes, chickens, eggs, and other nonbasic commodities which the Senator from Delaware has been discussing.

If there is any responsibility or blame to be placed, I repeat that it is to be placed upon the Eightieth Congress for its failure to adopt the program recommended by the committee headed by the able Senator from Vermont [Mr. AIKEN].

Mr. WILLIAMS. Some of that responsibility may rest on the Eightieth Congress, but I call attention to the fact that the Senator from Illinois was one of the Senators who voted for the action which was taken and the President himself endorsed the program.

Mr. LUCAS. I was strongly in favor of the program advocated by the Senator from Vermont, and even some of the chicken and egg farmers thought that program was all right.

Mr. WILLIAMS. Yes, the Senator from Illinois supported that version of the program.

Mr. LUCAS. At the time when the final version was brought in, I could do nothing else; it was brought in at midnight, during the last hours of the session, and we had no choice; it was a question of either taking it or having nothing.

Mr. WILLIAMS. All Senators were at liberty to vote against it.

Mr. LUCAS. The Aiken program itself was not before us for a vote at that time; we had to choose between either adopting the conference report or having nothing.

Mr. WILLIAMS. The Senator from Illinois could have voted against it if he wished to do so. Regardless of the sympathy that is expressed in speech the vote is what counts. I know the Senator will agree with me as to that.

Mr. LUCAS. From a parliamentary standpoint, the Senator is exactly correct.

Mr. WILLIAMS. And the Senator from Illinois and other Senators voted, on the floor of the Senate for the program I am criticizing today.

It is true that, under the law, the Secretary of Agriculture has to buy the potatoes. I am not criticizing him for that, and I never have. But I do criticize him for destroying them needlessly.

Mr. LUCAS. I thank the Senator from Delaware for that.

Mr. WILLIAMS. But the Secretary of Agriculture does not have to destroy those potatoes. With a little more research, he could find ways in which they could be utilized.

Mr. LUCAS. I wish the Senator from Delaware would advise the Secretary of Agriculture about that matter. I know he would welcome the Senator's advice and counsel in regard to what to do with perishable potatoes, when it is impossible to get sufficient iced cars in which to ship them at certain times of the year, and so forth.

FUEL OIL

Mr. WILLIAMS. Mr. President, another commodity to be mentioned in this connection is fuel oil. Both fuel oil and gasoline are high in price and scarce. Last winter this country was faced with a serious shortage of fuel oil, which was attributed primarily to the lack of transportation facilities. This was difficult to understand in view of the fact that our transportation facilities were adequate during the war to take care of both our wartime needs and our domestic requirements. This situation was even more difficult to understand since we have unlimited reserves of fuel oil in Arabia awaiting transportation.

An explanation can best be found in a report of the Maritime Commission which discloses the following facts:

At the beginning of World War II there were under the United States flag 447 tankers of all types. At the end of World War II there were under the American flag 764 tankers. During the period between the end of the war and May 1, 1948, the Maritime Commission sold and delivered to foreign nations 148 tankers, including some of our latest designs, at a loss to our taxpayers of approximately $200,000,000. This reduced our tanker fleet to approximately the prewar level, which was not adequate to take care of the additional volume of fuel oil now being currently required.

Recognizing its error somewhat late, the Maritime Commission, as of April 1, 1948, was frantically rushing construction of 27 new tankers, the expense of which will again largely be borne by the taxpayers.

I could go on indefinitely naming various commodities, the prices of which are kept high by Federal intervention; but from these examples it should be evident to everyone that it is impossible for the cost of living to be reduced so long as these unsound practices are continued. Price ceilings would be ineffective and mathematically impossible as I have pointed out, unless supplemented by consumer subsidy payments, as they were during the war period. As all of us know, subsidy payments by the Government, either at the consumer or producer levels, result in merely transferring a portion of our present-day grocery bill to the charge account of our children and grandchildren. When we compare the present-day prices with the prices existing prior to the removal of price ceilings, we should not overlook the fact that in the maintenance of the lower retail prices prevailing during the war period, the Government spent about $5,000,000,000 in consumer-subsidy payments to maintain those prices. That cost is now a part of our huge national debt.

I denounce this Government program as economically unsound and contrary to our American principles. There never has been, nor will there ever be, any excuse for the waste and destruction of food in America so long as some of our citizens are in need. I ask any member of this Senate to tell me how the high cost of these essential food and clothing products can be reduced by mere price controls without making some downward revision in this agricultural program or else resorting to direct subsidy payments.

As I have already said, my criticism of this program is not directed against any of the farmers who are participating in these sales or purchases. I know that most of the farmers would prefer a free economy and their own liberty of action. I personally have always been an advocate of a sound agricultural program; but it is my contention, and I have so expressed myself on many occasions, that any agricultural support program which equals or exceeds the cost of production is economically unsound and encourages waste and inefficiency.

The purpose of a support program should never be to guarantee a margin

of profit, but it should be used only as an instrument to which the farmers could resort in times of a national emergency. There is no justifiable reason for paying a subsidy to any group, whether they be farmers, laborers, consumers, or manufacturers, during times of national prosperity.

This inflationary program of supporting agricultural products at fantastically high levels, with the resultant high cost of living, is in reality benefiting no one. Every time the Government, through its purchases, increases the cost of agricultural products, as described, the result is a corresponding increase in the cost of living to the housewife. This in turn requires her husband to demand an increase in wages from his employer; the manufacturer for whom he is working must then increase his prices; and, to complete this inflationary cycle, the farmer, who must purchase these manufactured products, is required to pay the corresponding increase.

It is the height of political and economic nonsense for us to stand here today and promise the American farmer continued high support levels for his products, and at the same time promise the American housewife a reduction in the high cost of living. It just cannot be done under the American system of free enterprise, and the sooner we recognize it, the better it will be for the American people.

Also, Mr. President, let us not lose sight of a recent Supreme Court decision which asserted that the Government will always retain the right to control that which it subsidizes.

REVIEW OF ACHIEVEMENTS OF THE EIGHTIETH CONGRESS RELATIVE TO NATIONAL SECURITY

Mr. GURNEY. Mr. President, I have a report to make, and I believe it should be made at this time, so as to acquaint the Congress and the people with the steps taken by the Eightieth Congress on measures necessary for the national security.

From time to time we hear statements and read articles criticizing the Eightieth Congress for failing to conceive and execute constructive legislation to meet the many vital domestic and foreign problems which face our country. I am mindful, of course, that this is not exactly a new tactic. So far as I can recall, each of the 79 preceding Congresses has been similarly criticized—especially in presidential election years. In fact, I do not believe our national history contains a single instance in which an outgoing Congress has been blessed with Nation-wide acclaim or an E either for effort or for excellence. Notwithstanding the woeful forebodings of this long line of congressional critics, our Nation has continued its unparalleled progress, and has remained the best country in the world in which to live, and in which to make a living. And so, while I am deeply conscious of the wholesome and stimulating effect of sound and impartial criticism, I do not feel greatly alarmed as I listen to or read the unflattering barrage which is directed toward the record of this Eightieth Congress by either the heavy howitzers or the light guns of the hostile artillery.

Yet, as the chairman of a committee which has been charged with responsibilities of the utmost significance to the safety and well-being of this Nation and its people, I feel that it is both appropriate and necessary that I should strive to reassure the men and women of this country as to the manner in which these responsibilities have been met. I also feel that it is incumbent upon me, as the nominal spokesman for the 12 other members of the Senate Committee on Armed Services, to make the record perfectly clear insofar as it concerns the months of diligent, thorough, painstaking and thoroughly unselfish effort which they have devoted to the cause of national security, and the energetic and prompt cooperation which their efforts have met on the floor of the Senate.

On that basis, therefore, I shall address myself to a brief review of the specific achievements of the Eightieth Congress in the field of legislation promoting the national security. Not only do I believe the Members of this Congress are entitled to have these facts made known, but I also believe the people of the United States are entitled to some definite reassurance on this vital subject. I think this latter aspect of the matter is particularly important in view of the hazardous and uncertain international situation existing today.

If we go back to the opening days of the Eightieth Congress, we recall that we were in the process of demobilizing and disbanding the most powerful military force ever assembled by any nation. As an after effect of a long and bitter war, there was an overpowering national urge for speed in the demobilization and reconversion process. As a result, as this Congress assembled it found our armed services badly depleted and disorganized. Further, the character of war had changed so radically that the entire problem of national defense required a complete restudy and a radical change in approach. At the same time, the Congress was convening for the first time under the far-reaching procedural changes specified in the Legislative Reorganization Act of 1946. In view of these factors, I believe it is entirely fair and accurate to say that no Congress was ever faced with more difficult and vital problems in the field of national security than was this Congress when it first assembled in January 1947.

The first step was to organize the Committees on Armed Services in the Senate and House, and assume the functions and records previously held by the Committee on Naval Affairs and the Committee on Military Affairs. The promptness and effectiveness with which that committee was organized and proceeded to transact its business is a major tribute to the sincerity, the ability, and the spirit of public service of its membership. The problems with which they had to prepare to deal were not only of overriding national importance, but they were vastly complex and difficult. They covered not only the complicated technique of modern war on land, at sea, and in the air, but they involved also the vital fields of personnel, equipment, organization, and national resources. To summarize, the Committee was called upon to integrate and deal with an intricate yet vital series of questions which had theretofore been dealt with on a piecemeal and fragmentary basis.

At the outset it became apparent that the Nation's basic organization for national security was outmoded, and was no longer sound in the light of our wartime experiences. The two-department system, built around the Navy Department and the War Department, was utterly inadequate to meet the demands of modern weapons and equipment. The importance of air power had become too decisive to warrant its further retention as a part of the War Department. It is quite true that this problem was not a new one, but previous efforts to effect a change in our basic organization through some form of unification or integration had been unsuccessful. Plainly, therefore, the first task of the Committee was to find some unification pattern that would start us on the road to a better coordinated and integrated Military Establishment. The long and exhaustive hearings which led to the presenting of the National Security Act of 1947 to the Eightieth Congress, and the searching scrutiny given to that legislation by both the Senate and House membership, are now matters of history. Suffice it to say that definite and prompt action was taken on this very fundamental issue, and the newly created National Military Establishment was brought into being and set in operation.

I am aware, of course, that the so-called Unification Act has been criticized. It has been contended that we have no unification; that the services not only are not coordinated, but that there is constant bickering and jealousy among them. I should be the last one to completely gainsay this adverse comment. But at the same time I insist that the National Military Establishment has made great strides toward its goal. And I further insist that as one studies the almost staggering magnitude of the problem, he must recognize that a remarkably competent job is being done. It is only when the observer considers how utterly and completely our old organization lacked cohesion and coordination that he appreciates the progress that has been made. In the popular mind, the passage of any sort of unification law should bring about an immediate and evident result. But I submit that such a concept fails completely to appreciate the vast amount of preliminary organization, planning, cataloging, and other administrative preparation which must precede any operation of this magnitude, if it is to be conducted in a sound and orderly manner.

Permit me to give a few examples of the problems peculiar to the unification of our armed services, and to outline what is being done to meet them. As a case in point, it would seem, at first glance, that a unified procurement plan could be put into effect at once. Yet, on closer examination, it becomes immediately obvious that a standard cataloging system must first be developed

before there can be any unified procurement, except in the case of a relatively few basic items. The preparation of such a system was inaugurated at once, it is well along toward completion, and in the end will be of major significance. Notwithstanding the large amount of preliminary work which is essential before coordinated procurement can become a reality, it should be noted that under purchase assignments in effect on May 1, 1948, more than 64 percent of the total dollar value of purchases by the National Military Establishment will be carried out under single-service assignments, as compared with only 16 percent a year previously. Similarly, a study of the activities of the Research and Development Board in coordinating our research and development programs, the creation of the Military Air Transport Service to assume the functions previously carried out by duplicate facilities operated by the Air Force and the Navy, the studies of the Gray committee on civilian components, the studies of the Hook Service Pay Commission in the field of uniform pay to the armed services, the effective action taken by the Interdepartmental Space Board in consolidating space utilized by the three services, the detailed plans and the preliminary steps already taken by the Medical and Hospital Services Committee, the Civil Defense Planning Unit, the manifold activities of the Munitions Board, and the steps toward standardization of forms, administrative controls, physical standards, and medical procedures lead one to the conclusion that much sound and businesslike progress is being made, and that spectacular and poorly planned measures are being avoided.

Aside from the need for unification in the top organization of the armed services, a number of other legislative steps were necessary if the lessons learned from the war were to be used to their full advantage. In the field of procurement, existing procedures and laws governing Federal purchasing were not uniformly suitable to the needs of the vast purchasing programs of the military services. During the war some of the outstanding purchasing experts of the country were available to the armed forces in carrying out procurement activities. These individuals, in collaboration with procurement experts of the Government, suggested certain changes in basic procurement responsibilities for the armed services which would improve the methods and techniques previously in use. This led to the preparation and passage of House bill 1366, which has assisted materially in bringing about many of the improvements in purchasing methods now in effect, or planned, in the Military Establishment.

To turn to another field, the war demonstrated a need within the medical departments of the services for a new corps of personnel which would perform the many nonmedical functions which are a part of any large health or hospitalization program. The lack of such a corps of specialists led to the draining away from strictly professional duties of many doctors and dentists whose services were needed in their own particular fields. To correct this situation the committee recommended and the Senate approved the Medical Service Corps bill, which was enacted as Public Law 337. There is no doubt but what this action by the Congress represents an important step forward in meeting the critical problem of furnishing adequate medical support for the armed forces without at the same time placing an impossible burden on the number of doctors available to meet civilian needs.

Other bills to improve the medical service available to our troops were also passed. House bill 1943 placed the Nurse Corps on a permanent basis and established our military nurses as commissioned personnel. Also, a bill to equalize the retirement benefits between members of the Army Nurse Corps and the Navy Nurse Corps was passed, and enacted as Public Law 517. In July 1947 the Army and the Navy were faced with a serious situation in which many of their qualified doctors and dentists were leaving the military service to take advantage of the greater opportunities offered by private practice. Senate bill 1661, to provide additional inducements to physicians, surgeons, and dentists to make a career of the military services, was recommended by the committee and promptly passed by the Congress.

Another important piece of legislation in the field of personnel was the so-called WAC-WAVE bill, which gives regular commissioned and enlisted status to women in the armed services. The history of the last war shows not only that our manpower resources were strained to the limit, but also that there are many skills and positions with the armed services which women can fill more effectively than men. It is therefore not only essential, but fair and just, that women in the armed services should be given a permanent, rather than a purely temporary status.

As our studies of the procedures in effect within the three services continued, it became increasingly apparent that one of the outstanding examples of lack of uniformity in the treatment of common problems by the Army, Navy, and Air Force was the variety of systems followed in the procurement, assignment, and promotion of officers. The fundamental difference lay in the fact that the Navy operated on a system of promotion by selection, whereas the Army and Air Force operated on a system of promotion by seniority. Many other policies governing the treatment of commissioned personnel were equally divergent as between the three services. After a detailed study of this very complex situation, the Officer Personnel Act of 1947 was recommended to the Senate, and was promptly enacted, to become Public Law 381. This legislation may be looked upon as a major step in the revision of the laws governing the Military Establishment—a step which had repeatedly been tried in past years, but without success.

Not all the legislative action taken by this Congress in the field of national security dealt with all three of the services. Frequently either the Army, the Navy, or the Air Force had problems which were peculiar to but one of them. As an example, the top organization of the Navy Department required extensive change if the operating procedures so successfully used during the war were to be retained. To bring this about, the committee recommended Senate bill 1252, a bill to reorganize the Office of the Chief of Naval Operations and to create the Office of the Chief of the Matériel Division. This bill was promptly considered by the Senate, and was enacted as public law on March 5, 1948. Similarly, the newly created Air Force required legislation which would establish for it a system of military justice. This was accomplished by the prompt enactment of Senate bill 2401.

Turning for a moment to a completely different field, a consideration of the legislation enacted by this Congress to provide for more adequate planning for industrial mobilization is of major interest, and serves to emphasize the variety of the problems related to national security. During the war the services had developed, either directly or indirectly, many large industrial facilities which could not be operated during peacetime, but which would again be vital in any future war effort. Other committees of the Congress had examined various phases of this problem. Coordinating its work with these other groups, the Committee on Armed Services began to implement the different recommendations, as a result of which two bills have been enacted. Senate bill 1198 established an industrial stand-by facility plan, built around some of the plants which were operated during the war. These plants will be continued in operation, if possible, either through contracts or by the departments. If this cannot be done, these plants will be maintained in such condition as will make them readily available in the event of a future national emergency. In addition to the maintenance of the plants themselves, a far-reaching plan for the maintenance of the machine tools needed to operate these and similar plants has been inaugurated.

Subsequent to the enactment of this industrial stand-by facility plan by the Eightieth Congress, another and far more basic piece of legislation dealing with the subject of industrial preparedness was recommended by the committee and passed by both Houses. Senate bill 2554, which was enacted as Public Law 883, extended the scope of industrial-reserve planning to include a great many surplus industrial facilities which were in danger of being sold for scrap, or completely destroyed insofar as their original purposes were concerned. These plants had been built during the war at great cost to the Government. Their loss or their deterioration would have been a major blow to our future military-industrial potential, and has wisely been precluded by the passage of this bill to insure their proper maintenance in cases where these installations cannot be sold or leased with a suitable security clause. I believe that even the least charitable of the various critics of this Congress would concede that in the event of an-

other national emergency the rapid conversion to a wartime basis made possible by these two laws will be of immeasurable value to the Nation, and represents a marked advance in our plans for industrial readiness.

In the field of surplus property, the committee recommended, and the Congress passed, two important measures. The first had to do with the disposal of the hugh network of surplus military airports which had been established throughout the Nation during the war. These airfields constituted an almost priceless national resource, yet they were deteriorating rapidly because no civilian air lines could afford to purchase and maintain them. To the same extent, they were too expensive to permit of their purchase by local governmental agencies. Yet the national interest demanded that every effort should be made toward keeping the maximum number of these installations in operation. After a long study of this very intricate problem, the Committee on Armed Services recommended, and the Congress promptly enacted, the Surplus Airports Act, which will insure that this vital network of airfields shall be retained in operation for the benefit of the public.

A similar problem was presented by the large numbers of military posts, camps, and stations which were being declared surplus by the armed forces. Many of these properties had been acquired during the war, and their disposal presented no particular difficulty under the terms of the Surplus Property Act. However, a considerable number of these installations had been owned by the Federal Government for many years. Some of them dated back to the very early days of the Nation's history. In numerous cases, they had been closely identified with the nearby civilian community for generations and had unquestioned historic value, or public value for park or recreational purposes. Most important of all, these properties were not becoming surplus as the result of the ending of World War II; they were becoming surplus because the redeployment of our armed forces in this modern age was far different from what it had been in the days of the Revolutionary War, the Civil War, and the Indian wars. The Surplus Property Act proved inadequate to provide for the disposal of these old forts in a manner consistent with the best public interest. Numerous local communities were greatly disturbed at the possibility of these historic old properties losing their identity, or being put to uses not consistent with the interests of the local community. Yet the fact remained that these properties were owned by the Federal Government, and as such belonged to all of the Nation's taxpayers, rather than to only those of the local community.

A fair solution to this very vexing question presented one of the most difficult, though perhaps not important, of the problems faced by the committee. After an extensive and complete investigation, S. 2277 was recommended to the Senate, and was promptly enacted, to become Public Law 616. This law has but recently gone into operation, and no disposals have been made under it as yet. However, the executive agencies report that rapid progress is being made, and that the legislative action taken by the Congress will adequately meet this situation. The Surplus Airports Act and the Old Forts Act thus represent two laws which differ most remarkably in content from other legislation in the field of national security, yet their importance cannot be minimized.

The Airports Act provided a means of transferring to States and their political subdivisions many airfields which otherwise would have deteriorated. This law has strengthened the aviation facilities of the country to a major degree, and has provided a reservoir of bases and fields which will be invaluable in the event of another national emergency. The Old Forts Act has provided an instrument which will permit sites which are of undying historic value to be retained for public use, and will permit other properties to be used to meet the growing need for additional parks and recreational areas near many of our metropolitan areas, while at the same time safeguarding the financial interest of the Federal Government in each instance.

With respect to the civilian components of the Army, Navy, and Air Force, I believe it is perfectly accurate to state that this Congress has provided them more legislative support than has been the case at any time in the past. The committee has taken the position that a sound defense structure must rest upon a well-trained and well-equipped reserve. The Congress has supported the committee vigorously in this view, and has accepted each implementing recommendation made by the committee. The number of approved bills which benefit the civilian components is too large to permit of detailed discussion of each, but I shall mention several which warrant special attention.

One of the more serious handicaps with which the members of the civilian components were required to cope was the fact that they received no medical care or hospital benefits if injured during 30-day training periods, as contrasted with extended active duty. S. 1470, which was enacted as Public Law 678, corrected this situation and placed the members of the civilian components on a basis comparable to that of the regular personnel in this regard.

As regards pay for inactive-duty training for the civilian components, the Army for many years has had authority to pay members of the National Guard for armory drills, but had no corresponding authority as regards its other Reserve components. On the other hand, the Navy has had this authority with respect to members of the Naval Reserve and the Marine Corps Reserve. So to remove what was a serious handicap to the training of the Organized Reserve of the Army and the Air Force, S. 1174 was introduced by the committee and passed by the Congress, giving those components the same status as the Organized Reserve of the Navy and the Marine Corps, and the National Guard. At the same time, the size of the Guard and the Organized Reserve has been materially increased. Also, legislation setting up a retirement system for members of the civilian components who maintain a prescribed standard of training and activity over a period of 20 years was enacted. The Selective Service Act of 1948 places great emphasis upon the importance of membership in organized units of the Reserve components, and provides specific means for building up and maintaining a better standard of training and readiness for active duty. In fact, the whole concept of the position to be occupied by the civilian components in our scheme of national security has been greatly changed for the better through the legislative action taken during the past 2 years, with the result that our country's ability to defend itself has been greatly improved.

The Selective Service Act of 1948 was introduced late in May of 1948, and received full and complete consideration on the floor of both Houses of this Congress. This legislation is of fundamental importance to this Nation and its people. It marks the second instance in the history of our Nation when a law of this type has been enacted in time of peace. The fact that this legislation was enacted only a little more than a month ago makes it unnecessary for me to review its provisions at this time. But I should like to emphasize again the painstaking and exhaustive work which was done on both sides of the Capitol in the formulating of this vital measure, and to point out that few legislative measures have had more careful and conscientious effort devoted to them by any Congress. Regardless of our personal opinions on the matter, I feel that the high standard of thought and attention devoted to the formulation and consideration of this vitally important measure is a tribute to the membership of this Congress which cannot be taken lightly.

In accordance with section 136 of the Legislative Reorganization Act of 1946, the Committee on Armed Services—as is the case with other committees—has taken positive action looking toward maintaining appropriate surveillance over matters which come within its jurisdiction.

The committee established a subcommittee charged with making a continuous study of all policies, programs, activities, facilities, requirements, and practices of the armed services and agencies exercising functions related to them, and the administration thereof in all respects. The appointment of such subcommittees is a wise and necessary procedure, and adds great strength to our governmental structure. Yet critics who measure the contribution of a Congress solely in terms of the number of bills which it enacts too often lose sight of the great burden which the Congress imposes upon itself in maintaining watchfulness over the manifold activities which so closely and vitally affect our people.

I have reviewed but a few of the steps taken during the past 2 years in the field of legislation affecting our national security. There are many more which I have not mentioned. I should, therefore, like to have unanimous consent at this time to insert in the RECORD, following my remarks, a complete tabulation

showing all the measures promoting our national security which the Eightieth Congress has enacted into law.

The PRESIDING OFFICER (Mr. KEM in the chair). Without objection, it is so ordered.

(See exhibit A.)

Mr. GURNEY. Mr. President, I also ask unanimous consent to have inserted in the RECORD following my remarks a complete tabulation of the moneys appropriated by the Eightieth Congress for national-security purposes.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit B.)

Mr. GURNEY. I should also like to point out that, in the final analysis, the present Congress, like any other Congress, should be judged not by the quantity of the legislation which it enacts, but by its quality and its contribution to the public well-being. With this thought in mind I can assure the Senate that the tabulation which I have just inserted in the RECORD reflects none of the hours of detailed hearings and consideration devoted by the Committee on Armed Services to numerous legislative proposals which were, in the end, rejected by the committee, or held for further study.

I think that the Nation should know that one of the greatest strides taken by the Eightieth Congress was to make national defense a truly national and truly bipartisan problem. Never, in all of the hearings which I attended, and never, even behind the closed doors of the committee in executive session, did I witness the spectacle of party against party on any of the issues of national security. True, there were divisions of opinion, but always they were honest ones, and always they were on both sides of the table, reflecting the true feelings of the individuals. At no time did I see the partisan divisions which were evident elsewhere.

If this be an accomplishment, if the Congress can be commended in having achieved this sort of national unity, I hope that the Senate will forgive me my pride when I humbly suggest that this high plane of cooperation was achieved during a Republican Congress.

In conclusion, may I reiterate my reasons for speaking in this vein, and at this time? I hold to the American tradition that fair and impartial criticism is a stimulating and wholesome thing. Yet I also hold to the belief that it is disturbing and unfair to our people to permit unfair and biased criticism to go unanswered. I also feel a Congress that has devoted so much time and unselfish effort to matters dealing with our national security, should have its accomplishments made perfectly clear. To that end, and confining myself to matters of national security, I have outlined in small part the conditions which have faced the country during the past 2 years, and what the Eightieth Congress has done in the interest of our national welfare in dealing with these conditions. I have confined myself to facts, because even the most biased individual cannot argue against the plain truth. The record speaks for itself, and I for one am proud of that record.

EXHIBIT A

Measures enacted into law, 80th Cong.

[Committee on Armed Services, U. S. Senate]

Bill No.	Author	Subject and purpose of bill	Date approved by President	Law No.
S. 153	Pepper	Dade Monument replica: To permit the making of a replica of the General Dade Monument which is presently located on the grounds of the United States military reservation at West Point and to present such replica to the State of Florida for erection in the Dade State Memorial Park.	June 17, 1948	Public Law 663.
S. 220	Gurney	Easement in certain lands in Virginia and Maryland: To enable the American Telephone & Telegraph Co. to install and operate communication lines across certain small strips of land in the naval proving grounds at Dahlgren, Va., cross the railroad right-of-way between Fredericksburg and Dahlgren, Va., and across the railroad right-of-way between Indian Head and White Plains, Md.	Mar. 21, 1947	Public Law 18.
S. 221	do	Easement in lands in the Norfolk Navy Yard: To authorize the Secretary of the Navy to grant and convey a perpetual easement in certain lands, and to provide authority for the Secretary of the Navy to transfer title with perpetual easement to certain personal property, to the Virginia Electric & Power Co.	do	Public Law 19.
S. 231	do	Camp Gillespie, Calif., right-of-way: To grant a right-of-way to the city of San Diego for the construction and operation of a water pipe line through land within the boundaries of Camp Gillespie, a Marine Corps auxiliary airfield located in San Diego County, Calif., to enable San Diego to assure its inhabitants of an adequate water supply.	Apr. 15, 1947	Public Law 32.
S. 234	do	Easement in lands, Bibb County, Ga: To convey an easement to the Central of Georgia Ry. Co. for the installation and operation of a railroad spur track across approximately 0.33 acre of land at the naval ordnance plant at Macon, Ga.	Mar. 7, 1947	Public Law 13.
S. 235	do	Easement in lands in Los Angeles, Calif.: To drain Bixby slough, an inland lake that has no outlet to the ocean. Under present conditions, several of the streets in the vicinity of the lake are flooded during the rainy season and traffic is disrupted.	do	Public Law 11.
S. 239	do	Naval and Military Academy Board of Visitors: To provide a uniform procedure for the appointment of members and functioning of the Boards of Visitors to the U. S. Naval Academy and to the U. S. Military Academy.	June 29, 1948	Public Law 816.
S. 276	do	Mileage and other travel allowances: To provide statutory authority for the use of the official mileage tables prepared by the Chief of Finance, War Department, in the payment and settlement of mileage or other travel allowance accounts of all military personnel—of enlisted personnel as well as of officers.	Mar. 26, 1947	Public Law 21.
S. 295	do	Army personnel detailed as students: To extend permanent authority presently contained in the National Defense Act to permit the Secretary of the Army to detail personnel of the armed forces as students in educational institutions, industrial plants, or hospitals, without limitations as to the number that can be so detailed. It is further expanded to cover the Reserve components of the Army and requires service on active duty for such Reserves immediately following the completion of the course of training.	June 19, 1948	Public Law 670.
S. 321	do	Pay increase for cadets and midshipmen: To authorize an increase of 20 percent in the pay of cadets and midshipmen at the U. S. Military, Coast Guard, and Naval Academies.	June 20, 1947	Public Law 96.
S. 364	McMahon and Baldwin	Surplus airports: To encourage and permit the transfer of federally owned surplus airports and airport facilities and equipment to public agencies by the War Assets Administration. Such transfers would be without reimbursement and would include both the aviation and nonaviation facilities connected with the airports. It also provides for the transfer of certain surplus personal property in the custody of the War Assets Administration which may be needed in the administration and operation of airports transferred by this legislation.	July 30, 1947	Public Law 289.
S. 703	Tydings	Civil War battle streamers: To authorize the Secretary of War to prescribe regulations authorizing regiments, and other units, in the Army of the United States to carry Civil War battle streamers, including those granted for service with the Confederate States, with their colors or standards.	Mar. 9, 1948	Public Law 437.
S. 758	Gurney	National Military Establishment: To create an over-all structure to insure a more coordinated and efficient approach to the problems of national defense. In addition to the strictly military aspects of this legislation, a National Security Resources Board was established to plan for future mobilization, and a Security Council was established to advise the President on all matters, civilian or military, pertinent to the national security.	July 26, 1947	Public Law 253.
S. 918	Saltonstall	Selective Service Records Office: The bill provided for the establishment of an Office of Selective Service Records; the transfer to this Office of all property, records, personnel, and unexpended balances of the appropriations of the Selective Service System; and the continuance of the confidential nature of selective-service records with a provision for penalties for violations of these confidences.	Mar. 31, 1947	Public Law 26.

Measures enacted into law, 80th Cong.—Continued

Bill No.	Author	Subject and purpose of bill	Date approved by President	Law No.
S. 929	Gurney	Soldiers' Home regulations: To relieve the Inspector General of the Army from personally performing certain annual inspection duties at the United States Soldiers' Home, Washington, D. C.	Jan. 27, 1948	Public Law 401.
S. 1107	do	Arming of American vessels: To provide permanent authority for the arming of American vessels in time of national emergency.	June 29, 1948	Public Law 817.
S. 1174	do	Pay for Organized Reserve Corps: To provide uniform standards for inactive-duty training for all Reserve components of the armed forces; to authorize inactive-duty training pay for members of the Reserve Corps of the Army in order to facilitate the procurement, training, and readiness for mobilization of members thereof; and to make several incidental changes in the provisions of the National Defense Act pertaining to the Reserve components of the Army.	Mar. 25, 1948	Public Law 460.
S. 1195	do	Foreign duty tours: To repeal present provisions of law which limit the tour of duty of officer and enlisted personnel of the Army and the Air Force in certain foreign-duty stations to a maximum of 2 years.	Mar. 8, 1948	Public Law 436.
S. 1198	do	Leases on stand-by plants: To broaden and make uniform the authority of the War and Navy Departments to lease Government property and to permit the transfer of certain plants, machinery, and equipment to their custody, without reimbursement to the Reconstruction Finance Corporation or the War Assets Administration.	Aug. 5, 1947	Public Law 364.
S. 1214	do	Naval Officers Training Act amendments: The so-called Holloway plan for a naval and Marine Corps officer candidate-training program was embodied in Public Law 729, 79th Cong., 2d sess. A number of technical errors in the act were later corrected by a series of amendments contained in Public Law 71, 80th Cong., 1st sess. It is the purpose of the bill S. 1214 to further amend Public Law 729 so as to facilitate some of the administrative procedures and to clarify the status of certain of the officers commissioned pursuant to the original act.	June 19, 1948	Public Law 675.
S. 1215	do	Conversion of vessels: To remove the limitation on the amount that can be expended for the conversion of any one naval vessel during any 18-month period, and to authorize the conversion of certain vessels.	Aug. 1, 1947	Public Law 319.
S. 1252	do	Organization of the Navy Department: The status of the Office of the Chief of Naval Operations and of his principal assistants and of the Office of the Chief of Naval Material are now governed by Executive Order 9635, dated Sept. 29, 1945. The purpose of the legislation is to establish by statute the authority now being exercised under the Executive order and to repeal any existing statutes in conflict with this legislation. Permanent legislation is necessary because the Executive order under which these offices and positions now exist and function will become inoperative when title I of the First War Powers Act expires 6 months after the termination of the present war.	Mar. 5, 1948	Public Law 432.
S. 1298	do	Household effects of civilian employees: To validate payments previously made by disbursing officers covering the shipment of household effects of civilian employees where the shipment was made to other than the new duty station of the employee. It also provides for reimbursement to civilian employees where disbursing officers have recovered payment for such expense in the past as is contemplated by this legislation, and further provides relief for disbursing officers for payments made by them and which this legislation validates.	May 12, 1948	Public Law 523.
S. 1302	Johnson of Colorado	Surplus athletic equipment: To authorize the War Assets Administrator to transfer, without charge, any surplus property which is suitable for athletics, sports, or games by the youth of the country to "States, their political subdivisions and instrumentalities; to public and governmental institutions; to nonprofit or tax-supported educational institutions and organizations; to charitable and eleemosynary institutions and organizations; to nonprofit associations, groups, institutions, and organizations designated to promote, support, sponsor, or encourage the participation of the youth of the country in athletics, sports, and games."	June 16, 1948	Public Law 652.
S. 1470	Gurney	Medical care for reservists: This legislation is of a temporary nature and is intended to cover reserves of the Army and of the Air Force, who might be injured or contract disease during training periods prior to the official termination of the war.	June 19, 1948	Public Law 678.
S. 1520	do	Postal account shortages: To permit the Navy Department to reimburse the Post Office Department for any loss of funds due to embezzlement, errors, or for other losses due to acts of commissioned officers of the Navy and Marine Corps who might be designated custodians of postal effects by competent authority.	June 17, 1948	Public Law 664.
S. 1525	do	Transportation for Government and other personnel: Permanent legislation to replace temporary wartime legislation authorizing the Secretary of the Army and the Secretary of the Navy to provide transportation by motor vehicle or water carrier to and from their places of employment for personnel attached to or employed by those Departments. The bill contains a clause proposing that during any period of war this authority may be extended to personnel attached to or employed by private plants engaged in the production of material for the Departments.	May 28, 1948	Public Law 560.
S. 1528	do	Gifts to schools and other institutions: To authorize the Secretaries of the various military services to accept gifts for museums, libraries, schools, cemeteries, etc., under their respective jurisdiction, which can be of use to such institutions; it further provides for the expenditure of any moneys donated to the United States for a specific purpose without securing the express authority of Congress. Such expenditures will be limited to use by the designated institutions, and shall be subject to the terms and conditions of the gift.	Mar. 11, 1948	Public Law 439.
S. 1551	Green	Anchorage housing project: To expedite the sale of this property in order that the Miller Co. may construct on the property a housing project which can be used by officers and families of the Atlantic Fleet which is based at Newport. Approximately 27,000 naval officers and personnel accompany that portion of the Atlantic Fleet which has Newport for its base.	June 16, 1948	Private Law 353.
S. 1571	Gurney	National Advisory Committee for Aeronautics: Amends present laws relating to the National Advisory Committee for Aeronautics. The more pertinent changes which the bill makes are: (1) The number of members is increased from 15 to 17; (2) the Chairman of the Research and Development Board of the National Military Establishment will automatically become a member of the Committee. There are several other minor changes of a technical nature in order to be in accord with present law.	May 25, 1948	Public Law 549.
S. 1581	Hawkes	Port Newark Army Base, N. J.: To give the Secretary of the Army authority to enter into an agreement with the city of Newark, N. J., extending the time for payment of certain installments on the purchase price of the Port Newark Army Base.	Apr. 15, 1948	Public Law 483.
S. 1633	Ives	Marine Band at New York: To authorize the band of the United States Marine Corps to attend and perform in the parade of the American Legion to be held in New York City on Aug. 30, 1947.	July 30, 1947	Public Law 275.
S. 1641	Baldwin	Women's Armed Services Integration Act: To include women officers, warrant officers, and enlisted personnel in the Regular Army, Navy, Marine Corps, and Air Force on a basis similar to that which proved successful during World War II for the wartime Army, Navy, and Marine Corps. A maximum authorized strength of 1,000 officers and 17,500 enlisted women is provided for the Army and 1,000 officers and 10,000 enlisted women for the Navy-Marine Corps, based on a Regular Army strength of 51,000 officers and 875,000 enlisted and a Regular Navy of 500,000 enlisted personnel.	June 12, 1948	Public Law 625.
S. 1661	Morse	Pay increase for doctors in armed services: The armed services and the Public Health Service are currently experiencing great difficulty in securing and retaining an adequate number of physicians, surgeons, and dentists. The purpose of the bill is to alleviate the shortage by offering as an inducement a salary increase of $100 per month to all active Regular medical and dental officers and to all non-Regular medical and dental officers who are now on duty on a volunteer status, or who hereafter voluntarily come on active duty during the 5-year period following the effective date of this section. It also provides authority to appoint qualified dentists and doctors of medicine in the Army and Navy in grades up to that of colonel in the Army and captain in the Navy.	Aug. 5, 1947	Public Law 365.

Measures enacted into law, 80th Cong.—Continued

Bill No.	Author	Subject and purpose of bill	Date approved by President	Law No.
S. 1673	Gurney	Relief of James Y. Parker: To correct an administrative error within the War Department which resulted in the failure of James Y. Parker to be promoted to the rank of major while a prisoner of war of the Japanese and to validate certain payments made to him.	Feb. 27, 1948	Private Law 184.
S. 1675	do	Navy public works bill: To authorize the appropriation for construction required by the Department of the Navy.	June 16, 1948	Public Law 653.
S. 1676	Tydings	Army public works: To authorize the appropriation for construction required by the Departments of the Army and the Air Force.	June 12, 1948	Public Law 626.
S. 1723	Gurney	Midshipmen from Canada: Public Law 168, 77th Cong. (55 Stat. 589), provides that the Secretary of the Navy is authorized to permit, upon designation of the President of the United States, not to exceed 20 persons at a time from American Republics and not to exceed 3 at a time from any country to receive instruction at the United States Naval Academy. This law further prescribes that persons receiving instruction under this authority shall receive the same pay and allowances and, subject to such exceptions to be determined by the Secretary of the Navy, shall be subject to the same rules and regulations as other midshipmen at the Academy. Such persons shall not be entitled to appointment to any office or grade in the U. S. Navy by reason of their graduation. Public Law 564 amends present law to authorize the inclusion of persons from the Dominion of Canada along with persons from other American Republics without any increase in numbers and under the same provisions.	June 1, 1948	Public Law 564.
S. 1783	do	Retention of disabled Army personnel: To permit the retention of certain disabled personnel of the Army of the United States beyond the statutory termination date of their appointments in order to complete their hospitalization or treatment.	June 19, 1948	Public Law 680.
S. 1790	do	Longevity credit for service prior to 18: To amend present law so as to make permanent the temporary provision which authorizes that service in the Army, including the Air Force, Navy, Coast Guard, Coast and Geodetic Survey, and Public Health Service, or in any Reserve component thereof prior to the attainment of 18 years of age, shall be credited for longevity pay, where it has been excluded solely for this reason.	do	Public Law 681.
S. 1791	do	Camp Phillips, Kans., transfer of lands: To retransfer to the Department of the Army certain lands and improvements thereon which had previously been transferred by the Department of the Army to the Veterans' Administration.	do	Public Law 682.
S. 1794	do	Reflecting pool in Houston, Tex.: To authorize the construction of a reflection pool on the grounds of the naval hospital, Houston, Tex., and to authorize the Navy to accept the pool as an unconditional gift to the United States from the donors, the Houston Council, Navy League of the United States.	Apr. 9, 1948	Public Law 479.
S. 1795	do	Relief of Army officers from inspection duties: To relieve officers of the Inspector General's Department of the Army of certain inspection requirements prescribed in sec. 1 of the act of Apr. 20, 1874.	June 19, 1948	Public Law 683.
S. 1796	do	Preservation of frigate *Constellation:* To authorize the Secretary of the Navy to restore the U. S. S. *Constellation*, as far as may be practical, to her original condition, and to accept contributions and donations for that purpose. It further authorizes the Secretary to give or sell parts of the U. S. S. *Constellation* not suitable for retention as souvenirs to clubs, associations, and individuals making contributions for restoring the ship. Only contributed funds to be utilized for the restoration of this vessel.	Mar. 13, 1948	Public Law 442.
S. 1799	do	Protection of service uniforms: To extend the application of the law prohibiting the wearing of the uniform by unauthorized persons to include the Canal Zone, Guam, American Samoa, and the Virgin Islands.	Apr. 15, 1948	Public Law 484.
S. 1802	do	Medal of Honor to unknown American: To authorize the President to award, in the name of the Congress, a Medal of Honor to the unknown American soldier of World War II who is to be buried in the Memorial Amphitheater of the National Cemetery, at Arlington, Va.	Mar. 9, 1948	Public Law 438.
S. 1961	do	Exemption of vessels from certain requirements: To extend temporarily the exemption of certain vessels with unusual characteristics of the Navy and Coast Guard from statutory requirements concerning navigation lights, where the Secretary of the Navy, or the Secretary of the Treasury in the case of Coast Guard vessels, shall determine that by reason of such unusual construction it is not possible for such vessels to comply with existing statutes.	Mar. 5, 1948	Public Law 433.
S. 2077	do	Kearney, Nebr., land exchange: To effect the transfer to the United States of approximately 440 acres of land located within the boundaries of the Kearney Army Airfield, Kearney, Nebr., owned by the city of Kearney, in exchange for approximately 17 acres of federally owned land contiguous to that airfield, together with certain surplus buildings and other improvements located on that land and upon city-owned land adjacent thereto.	June 1, 1948	Public Law 565.
S. 2223	Hickenlooper	Promotion of General Groves: To promote Lt. Gen. Leslie Richard Groves to the permanent grade of major general, and upon his retirement to advance him without any increase in retired pay to the honorary rank of lieutenant general.	June 24, 1948	Private Law 394A.
S. 2233	Gurney	Easement in lands in naval air station, Alameda, Calif.: To authorize the Secretary of the Navy to grant an easement on certain Government-owned property for the construction and operation of a water main which in part will service the United States naval air station at Alameda, Calif.	May 25, 1948	Public Law 551.
S. 2251	do	Recreation center, Great Lakes: To permit the Secretary of the Navy to accept a park to be constructed by the Army and Navy Union without cost to the Federal Government. This park will be for the use of patients at the United States naval hospital located at Great Lakes, Ill. It will provide an outdoor recreational area for their use.	June 19, 1948	Public Law 688.
S. 2277	Robertson	Surplus Property Act of 1944, amendment: To amend the Surplus Property Act of 1944, first, to permit the War Assets Administrator to transfer to State and local governmental agencies surplus real estate suitable for use as public parks or recreational areas, or as historical monuments, and, second, by giving State and local governments a higher priority than the Reconstruction Finance Corporation with regard to certain real properties. Conveyances made for use as public parks or recreational areas shall be at 50 percent of fair value, and those made for historic monuments shall be made without monetary consideration.	June 10, 1948	Public Law 616.
S. 2400	Gurney	Stoppage of work on certain vessels: Under a provision of the Second Supplemental Surplus Appropriation Rescission Act of 1946 those combatant vessels which were more than 20 percent complete as of Mar. 1, 1946, are required to be completed. Public Law 690 provides the President with authority to remove from the mandatory operation of that act, which necessitates their completion, 13 named vessels consisting of 1 battleship, 1 cruiser, 2 destroyer escorts, 7 destroyers, and 2 submarines. The cessation of construction will suspend present obligations against the Treasury to an extent of over $300,000,000. It is intended that a portion of this sum will be used if appropriated to institute a new shipbuilding and conversion program of advance-design ships.	June 19, 1948	Public Law 690.
S. 2401	do	Military justice, Air Force: To grant authority to the U. S. Air Force similar to that of the U. S. Army and U. S. Navy for the administration of military justice.	June 25, 1948	Public Law 775.
S. 2505	Baldwin	Scientific positions in the Military Establishment: To permit the Secretary of Defense to establish 6 additional positions of a professional and scientific character for duty within the Office of the Secretary of Defense. The top salary placed on these positions is $15,000 per year and they will be utilized primarily by the Research and Development Board.	June 24, 1948	Public Law 758.
S. 2553	Gurney	Mystic River bridge: To authorize the Secretary of the Navy to convey to the Mystic River Bridge Authority, an instrumentality of the Commonwealth of Massachusetts, an easement for the construction and operation of bridge approaches over and across lands comprising a part of the United States naval hospital, Chelsea, Mass.	June 16, 1948	Public Law 658.
S. 2554	do	National Industrial Reserve Act of 1948: To establish statutory authority for the maintenance or control of a pool of Government-built essential and strategic plants, machine tools, and industrial manufacturing equipment to be available for national defense purposes and war production in event of a possible future emergency.	July 2, 1948	Public Law 883.

Measures enacted into law, 80th Cong.—Continued

Bill No.	Author	Subject and purpose of bill	Date approved by President	Law No.
S. 2592	Gurney	Lands in Puerto Rico: To authorize the Secretaries of the Army, the Navy, and the Air Force to return certain lands in Puerto Rico to the owners. This land was deeded to the United States, without cost, during the early part of the war on condition that it be reconveyed when no longer needed for purposes of national defense.	June 19, 1948	Public Law 693.
S. 2593	do	Right-of-way at Pungo, Va.: To authorize the Secretary of the Navy to grant the Commonwealth of Virginia, without cost, a right-of-way across lands of the former naval auxiliary air station, at Pungo, Va., in order to widen State Secondary Route No. 615 at a point contiguous to the station.	June 16, 1948	Public Law 659.
S. 2621	do	Federal Prison Industries: To authorize the extension of the functions and duties of Federal Prison Industries, Inc., to military disciplinary barracks.	June 29, 1948	Public Law 821.
S. 2655	do	Selective Service Act of 1948: To increase the authorized strength of the Army, Navy, and Air Force; to bring the strength of the services up to these authorized ceilings by means of a selective-service program calling for the drafting of 19- to 26-year-olds for a period of 21 months' active service with the armed services; and to strengthen the Reserve components by means of a program of enlisting 18-year-olds for a period of 1 year of active service with the armed forces, followed by transfer to the Reserve components.	June 24, 1948	Public Law 759.
S. 2698	Hatch	Transfer of Army horses: To authorize the transfer without compensation from the U. S. Army to 4 different military institutes in the United States of Army horses which are now on loan to those institutions for use in the ROTC program.	June 29, 1948	Public Law 823.
S. 2747	Morse	Panama Railroad Company: To authorize the incorporation of the Panama Railroad Company and to provide an appropriate charter.	do	Public Law 808.
S. 2770	Gurney	Assistant to Chief of Engineers: To fix the rank of the officer who is serving as assistant to the Chief of Engineers in charge of river, harbor, and flood-control work in the grade of brigadier general, to require that the position shall not be charged against the authorized strength of general officers of the Army, and to provide that his pay, allowances, and mileage and travel expenses should be paid from the appropriations for the works on which he is engaged.	June 25, 1948	Public Law 777.
S. 2830	Morse	Tin smelting: To amend the act of June 28, 1947 (Public Law 125, 80th Cong.), to extend from June 30, 1949, until June 30, 1954, or until such earlier time as the Congress shall otherwise provide, the powers, functions, duties, and authority of the Reconstruction Finance Corporation (1) to buy, sell, and transport tin, tin ore and tin concentrates; (2) to improve, develop, maintain and operate by lease or otherwise the Government-owned tin smelter at Texas City, Tex.; (3) to finance research in tin smelting and processing, and (4) to do all other things necessary to accomplish the foregoing.	June 29, 1948	Public Law 824.
S. J. Res. 207	Saltonstall and Gurney	Navy sesquicentennial: To provide for the commemoration of the sesquicentennial anniversary of the establishment of the Department of the Navy and to authorize the Secretary of the Navy to carry out appropriate ceremonies.	Apr. 26, 1948	Public Law 498.
H. R. 450	Bates of Massachusetts	Marblehead Military Reservation: Providing for the conveyance to the town of Marblehead, in the State of Massachusetts, upon payment to the United States of the sum of $5,000, of property generally referred to as the Marblehead Reservation.	May 16, 1947	Public Law 70.
H. R. 774	Bland	Condemned ordnance: To extend to the Secretary of the Tresaury the authority heretofore exercised by the Secretaries of War and of the Navy under legislation enacted in 1896. The earlier act referred to, permits the service Secretaries, in their discretion, to loan or give obsolete or condemned combat material to certain designated veterans' organizations and other nonprofit institutions.	Feb. 27, 1948	Public Law 421.
H. R. 1260	Peterson	Canal Zone Retirement Act amendment: To extend to certain annuitants retired under the Canal Zone Retirement Act prior to July 29, 1942, the privilege of having their annuities recomputed under the new method of computation contained in the act of that date if such computation would result in increased benefits.	Aug. 4, 1947	Public Law 345.
H. R. 1275	Cole of New York	Medical care of naval personnel: Authorizes the payment for medical treatment of officers in the naval service while in an authorized-leave status.	May 4, 1948	Public Law 511.
H. R. 1341	Anderson of California	Naval postgraduate school authorization, Monterey, Calif. (H. R. 1341 substituted on Senate floor for S. 229): To provide additional facilities which are urgently needed for the postgraduate training of naval officers.	July 31, 1947	Public Law 302.
H. R. 1358	Andrews of New York	Naval Plantations Act amendment: To make permanent Public Law 377, 78th Cong., with further restrictions. Public Law 377 is a temporary wartime statute, which authorizes the use of funds appropriated for the subsistence of naval personnel, in the management and operation of farms and plantations on land subject to naval jurisdiction outside of the continental limits of the United States. Public Law 149 extends the same authority to the War Department and limits production to fresh fruits and vegetables.	July 1, 1947	Public Law 149.
H. R. 1359	do	Civil Engineer Corps of Navy: To increase the authorized strength of the Corps of Civil Engineers from 2 to 3 percent of the total active list of the commissioned line officers of the Navy.	May 16, 1947	Public Law 62.
H. R. 1362	do	Temporary appointment counted for promotion: To correct an inequity now existent by authorizing members of the U. S. Navy and Marine Corps to count all active service rendered as warrant or commissioned officers in the Navy or Marine Corps for purposes of promotion to commissioned warrant officer.	June 30, 1947	Public Law 134.
H. R. 1363	do	Pay Readjustment Act amendment regarding annulled marriage: To eliminate the required repayment to the Government of increased allowances paid to service personnel by reason of a dependent spouse in cases where a marriage in good faith is subsequently annulled or set aside from its inception.	May 15, 1947	Public Law 55.
H. R. 1365	do	Chief of Chaplains in the Navy: To establish a permanent Chief of Navy Chaplains and to authorize the Chief of Naval Personnel to designate from the Navy Chaplain Corps an officer not below the rank of commander to be chief of the corps.	do	Public Law 56.
H. R. 1366	do	Procurement of supplies and services: Provides for a return to normal purchasing procedures through the advertising-bid method on the part of the armed services, namely, the War Department, the Navy Department, and the U. S. Coast Guard. It capitalizes on the lessons learned during wartime purchasing and provides authority, in certain specific and limited categories, for the negotiation of contracts without advertising. It restates the rules governing advertising and making awards as well as fixing the types of contract that can be made.	Feb. 19, 1948	Public Law 413.
H. R. 1367	do	Construction of experimental submarines: To authorize construction of experimental submarines by lifting a statutory provision limiting the availability of balances of funds appropriated for "Increase and replacement of naval vessels."	May 16, 1947	Public Law 63.
H. R. 1368	do	Civilian officers and employees on Guam: To include civilian officers and employees of the U. S. Naval Government of Guam among those persons who are entitled to the benefits of Public Law 490 (Missing Persons Act).	do	Public Law 64.
H. R. 1369	do	Under Secretary of Navy permanent: To amend existing law so as to establish permanently the offices of Under Secretary of War and Under Secretary of Navy.	May 15, 1947	Public Law 57.
H. R. 1371	do	Marine Corps officers for supply duty: Permits the Secretary of the Navy to assign captains, majors, lieutenant colonels, and colonels of the Marine Corps to supply duty only and provides for their lineal position and precedence, and authorizes their being carried as additional numbers in their respective grades. It would establish the number of officers to be so assigned and would preserve the precedence of those assigned to supply duty.	July 1, 1947	Public Law 150.
H. R. 1375	do	Clothing allowance in cash for clothing in kind to enlisted men: To authorize the President to substitute a cash allowance for clothing in kind for the Army, Marine Corps, and Marine Corps Reserve and to place the Marine Corps under the jurisdiction of the Secretary of the Navy with regard to clothing allowance.	do	Public Law 158.
H. R. 1376	do	Transportation of dependents and household effects: To authorize transportation of dependents and household effects of personnel of the Navy, Marine Corps, and Coast Guard to overseas bases.	do	Public Law 151.
H. R. 1379	do	Naval postgraduate school authorization: To provide legislative authority for postgraduate instruction and training of commissioned officers of the naval service.	July 31, 1947	Public Law 303.

Measures enacted into law, 80th Cong.—Continued

Bill No.	Author	Subject and purpose of bill	Date approved by President	Law No.
H. R. 1381	Andrews of New York	Decorations from neutral nations to officers and enlisted men of the armed forces: To authorize officers and enlisted men of the armed forces of the United States to accept decorations, orders, medals, and emblems from the governments of neutral nations, and to allow such personnel to wear permanently any foreign decorations which have been, or may be, bestowed pursuant to the provisions of that act.	May 15, 1947	Public Law 58.
H. R. 1544	Keating	Gold star lapel buttons: To provide for a distinctive gold star lapel button for issue to widows, parents, or next of kin of members of the armed forces who lost their lives while serving in one of the armed services of the United States in World War II.	Aug. 1, 1947	Public Law 306.
H. R. 1562	Johnson of California	Federal aid for soldiers' and sailors' homes: To increase, from $300 to $500 per capita per annum, until June 30, 1951, the Federal aid to State or Territorial homes for the support of veterans hospitalized in such homes, who are eligible for such care in U. S. Veterans' Administration hospitals and homes.	May 18, 1948	Public Law 531.
H. R. 1605	Andrews of New York	Date of appointment as commissioned officer: To clarify present law governing the appointment of additional officers in the Regular Army. The law does not, in any way, increase Army promotions or result in additional Army officers.	May 15, 1947	Public Law 61.
H. R. 1621	Johnson of California	Boy Scouts' World Jamboree: To authorize the War Department and the State Department to assist the Boy Scouts of America in connection with the World Jamboree of Boy Scouts to be held in France during July and August 1947.	Apr. 14, 1947	Public Law 31.
H. R. 1807	Andrews of New York	Easement in land in U. S. Naval Ammunition Depot, McAlester, Okla.: To provide a perpetual easement for the construction, maintenance, and operation of a Federal-aid farm-to-market highway along the west boundary of the United States naval ammunition depot, McAlester, Okla.	June 30, 1947	Public Law 135.
H. R. 1845	Mrs. Smith of Maine	Military leave for Federal employees: To unify the existing laws pertaining to the granting of military leave to permanent and temporary indefinite employees of the United States or the District of Columbia, who are members of the Reserve components of the various services, including the National Guard.	July 1, 1947	Public Law 153.
H. R. 1943	do	Army and Navy Nurse Corps: To establish an Army Nurse Corps and a Women's Medical Specialist Corps in the Medical Department of the Regular Army and to establish a Navy Nurse Corps as a component part of the Medical Department of the Navy.	Apr. 16, 1947	Public Law 36.
H. R. 2225	West	Fort McIntosh, Tex. (H. R. 2225 substituted on Senate floor for S. 739): To authorize the War Assets Administration to transfer a portion of Fort McIntosh, Laredo, Tex., along with certain personal property, to the United States Section of the International Boundary and Water Commission, without reimbursement or exchange of funds.	July 25, 1947	Public Law 235.
H. R. 2248	Andrews of New York	Easement in land in Camp Livingston, La.: To provide a perpetual easement on the Camp Livingston Military Reservation to the Louisiana Power & Light Co. to cover a relocation of its transmission line and to convey by quitclaim deed a tract of land for a reconstructed substation.	July 1, 1947	Private Law 44.
H. R. 2276	do	Olympic Games: To permit the Secretary of War and the Secretary of the Navy to augment the national Olympic effort in all sports by authorizing the participation of their personnel in the games. Also to make such authorization permanent in character but placing a monetary limitation on both the Army and Navy for expenses incident thereto.	do	Public Law 159
H. R. 2314	do	Lump-sum payments to survivors of deceased officers: To establish additional beneficiaries to whom lump-sum aviation bonuses may be paid in the event of the death of aviation officers who have not designated beneficiaries.	July 25, 1947	Public Law 236.
H. R. 2339	do	Army mail clerks: To eliminate certain unnecessary authority within the War Department to pay additional compensation to enlisted personnel designated as mail clerks.	June 30, 1947	Public Law 136.
H. R. 2359	Mrs. St. George	Highland Falls filtration plant: Authorizes a lump-sum payment of $85,000 by the United States to the village of Highland Falls, N. Y., as a contribution toward the cost of construction of a water-filtration plant.	June 12, 1948	Public Law 627.
H. R. 2744	Brooks	Retirement: Establishes a permanent and more expeditious method of eliminating substandard officers of the Regular Army and the Regular Air Force. Places the personnel of the Army and the Air Force on a par with personnel of the Navy, insofar as (*a*) years of service required for voluntary longevity retirement is concerned, and (*b*) retirement in the highest temporary rank. Establishes longevity retirement benefits for members of the Reserve components predicated both on time spent on active duty and satisfactory service performed during periods of inactive duty.	June 29, 1948	Public Law 810.
H. R. 3053	Andrews of New York	Easement in lands in Hawaii: To authorize the Secretary of the Navy to grant a perpetual easement for 28 small parcels of land in the vicinity of Pearl Harbor Naval Shipyard to the Territory of Hawaii for highway and utility purposes.	July 22, 1947	Public Law 212.
H. R. 3055	do	Utilities and related services: To authorize the War and Navy Departments to sell utilities and certain related services to welfare activities and private persons residing in the immediate vicinity of naval or military activities, provided such utilities are not otherwise available.	July 30, 1947	Public Law 284.
H. R. 3056	do	Easement for road in Bibb County, Ga.: To provide authority for the Secretary of the Navy to convey an easement to the city of Macon, Ga., and Bibb County, Ga., for the construction and operation of a public road and the installation of equipment of public-utility services across the naval ordnance plant at Macon, Ga.	July 21, 1947	Public Law 207.
H. R. 3124	Mrs. Bolton	Marine Band in Cleveland, Ohio: To authorize the Marine Band to attend the national encampment of the Grand Army of the Republic at Cleveland, Ohio, Aug. 10 to 14, 1947.	June 30, 1947	Public Law 141.
H. R. 3127	Mathews	Obsolete ordnance to State homes: To make State homes for former members of the armed forces eligible for loan or gift of condemned ordnance, guns, and cannon balls, under the act of May 22, 1896, as amended.	July 31, 1947	Public Law 304.
H. R. 3191	Andrews of New York	Filipinos under Missing Persons Act: To amend Public Law 301, 79th Cong., in order to extend the benefits of the Missing Persons Act (56 Stat. 143) to certain members of the organized military forces of the Government of the Commonwealth of the Philippines while these forces were in the service of the armed forces of the United States.	July 25, 1947	Public Law 241.
H. R. 3215	do	Army and Navy Medical Departments, revised: To establish in the Medical Departments of the Regular Army and Navy a Medical Service Corps with a Reserve component; be composed of pharmacists, sanitary engineers, optometrists, psychologists, bacteriologists, business administrators, and similar skills.	Aug. 4, 1947	Public Law 337.
H. R. 3251	do	Retirement of certain Navy officers: To authorize naval retiring boards to consider the cases of certain officers.	July 11, 1947	Public Law 178.
H. R. 3252	do	Easement in lands in Long Beach, Calif.: To grant a perpetual easement to the city of Long Beach, Calif., in two strips of land each 20 feet wide and 600 and 330 feet long, respectively. Both of these parcels lie within the site of the Navy housing project at Long Beach and adjacent to the west side of Santa Fe Ave.; the proposed easement is to be granted for street and utility purposes.	July 21, 1947	Public Law 208.
H. R. 3303	do	Volunteer enlistments (H. R. 3303 substituted on Senate floor for S. 1218): To establish a permanent system of volunteer enlistments in the Regular Military Establishment designed to fit the future variable requirements of the Army. It further authorizes certain benefits to enlisted men for the purpose of encouraging enlistment and reenlistment in the Regular Army on a career basis, and terminates the payment of mustering-out pay and reduces the minimum age for enlistment in the National Guard from 18 to 17.	June 28, 1947	Public Law 128.
H. R. 3394	do	Remains buried outside the United States: Authorizes the return of the remains of World War II dead to the homeland of the next of kin as well as the homeland of the deceased. Also authorizes the Secretary of War to exercise discretionary authority in directing the disposition of group and mass burials and directs the permanent overseas burial of unknown American World War II dead. Further permits the Secretary of War to acquire land overseas for United States military cemeteries.	Aug. 5, 1947	Public Law 368.
H. R. 3416	Sikes	Pensacola National Monument, Fla.: To authorize the Secretary of the Interior to receive certain surplus lands presently owned by the Departments of the Army and the Navy and to develop them as a national monument, or in the discretion of the Secretary, to designate them for use as a State historical park. The areas included in this bill are Old Forts San Carlos, Barrancas, Redoubt, and Pickens, comprising approximately 13 acres of land.	July 2, 1948	Public Law 878.

Measures enacted into law, 80th Cong.—Continued

Bill No.	Author	Subject and purpose of bill	Date approved by President	Law No.
H. R. 3484	Case of South Dakota	Transfer of Remount Service: To insure the maintenance of a Nation-wide horse-breeding program by transferring certain records, property, and civilian personnel of the Remount Service of the Quartermaster Corps, War Department, to the Department of Agriculture.	Apr. 21, 1948	Public Law 494.
H. R. 3501	Andrews of New York	Abolishing terminal leave: To amend the Armed Forces Leave Act of 1946 to grant to all military and naval personnel equal treatment in the matter of leave, and to correct certain inequities and defects which have arisen in the administration of the present act. It also provides for the lump-sum payment for accrued leave in certain cases. It will incorporate all existing law concerning leave with changes into one act.	Aug. 4, 1947	Public Law 350.
H. R. 3629	do	Surplus property to Panama Canal: To authorize the War Department and the Navy Department to transfer to the Panama Canal materials, supplies, tools, and equipment of every character, including structures, vessels, and floating equipment, which are surplus to the needs of the Department having title thereto and which may be certified by the Governor of the Panama Canal as necessary for the care, maintenance, operation, improvement, sanitation, and government of the Panama Canal and Canal Zone.	July 2, 1947	Public Law 160.
H. R. 3645	Gross	Gettysburg National Military Park: Authorizes the Secretary of the Interior to accept on behalf of the United States approximately 4 acres of non-Federal land within the boundaries of the Gettysburg National Military Park.	Jan. 31, 1948	Public Law 404.
H. R. 3735	Sikes	Santa Rosa Island: To authorize and direct the Secretary of the Army to convey to Okaloosa County, Fla., a tract of land on Santa Rosa Island in that county.	July 2, 1948	Public Law 885.
H. R. 3830	Short	Promotion and elimination of officers: To reestablish a permanent promotion system for the armed forces; to make necessary improvements to the present Navy system of promotion by selection; to change the present Army system of promotion by seniority to a selection system and, insofar as is practicable at this time, to make uniform the promotion systems of the two services.	Aug. 7, 1947	Public Law 381.
H. R. 3883	Bartlett	Transfer of vessel *Hygiene*: To authorize the transfer, without exchange of funds, of the vessel *Hygiene* from the Department of the Army to the Territory of Alaska for use as a floating health clinic within Alaskan waters.	June 19, 1948	Public Law 700.
H. R. 4017	Blackney	Armed Forces Leave Act bonds redeemable: To amend the Armed Forces Leave Act of 1946 (Public Law 704, 79th Cong.) to provide that bonds issued under that act may be redeemed in cash at any time after Sept. 1, 1947, to permit future claimants to request settlement and compensation entirely in cash, and to extend the time within which applications for settlement and compensation under the act may be made to Sept. 1, 1948.	July 26, 1947	Public Law 254.
H. R. 4032	Andrews of New York	Delegation of powers to Secretary of the Navy: To authorize the President of the United States to delegate certain descretionary powers which he now has to the Secretary of the Navy. These powers are: (1) Retirement of officers upon the completion of 30 years of service; (2) retirement of officers upon the completion of 40 years of service; (3) retirement of officers for disability resulting from an incident of the service; (4) retirement of officers for disability not the result of an incident of the service; (5) removal of the charge of desertion from the records of the personnel of the Navy.	June 17, 1948	Public Law 668.
H. R. 4090	do	Nurses retirement benefits: To correct a situation whereby a group of retired Army and Navy nurses is paid according to a lower schedule than is currently in use for the majority of retired Army and Navy nurses.	May 7, 1948	Public Law 517.
H. R. 4272	Welch	Headstones for unmarked graves: To give statutory authority to the Secretary of the Army to furnish headstones or markers for the graves of all persons who served honorably in the armed forces of the United States, including the Union and Confederate Armies.	July 1, 1948	Public Law 871.
H. R. 4308	Andrews of New York	Decorations from foreign governments: To insure that former officers and enlisted men of the armed forces, as well as those now in the services, may receive decorations, orders, and medals tendered them by governments of cobelligerent nations or other American republics.	Aug. 1, 1947	Public Law 314.
H. R. 4490	do	Salvage facilities: To authorize the Navy Department, either by contract or through its own facilities, to provide adequate offshore salvage facilities in American waters and in areas where our vessels may operate.	May 4, 1948	Public Law 513.
H. R. 4721	do	Repairs to naval vessels: To repeal the act of July 18, 1935 (49 Stat. 482), which provides that not more than $450,000 can be spent in any 18 consecutive months on repairs and alterations to any one ship, and earlier laws which set comparable limitations. These laws are not now in effect since they were suspended during the war until the end of the first fiscal year following the expiration of the war.	June 12, 1948	Public Law 628.
H. R. 5035	Jonkman	Marine Band at Grand Rapids, Mich.: To authorize the attendance of the Marine Band at the National Encampment of the Grand Army of the Republic.	May 18, 1948	Public Law 532.
H. R. 5036	Kersten	Marine Band at Milwaukee (H. R. 5036 substituted on Senate floor for S. 2064): To authorize the President to permit the Marine Corps Band to attend and give concerts at the national assembly of the Marine Corps League to be held in Milwaukee, Wis., from Sept. 22 to 25, inclusive, 1948.	June 24, 1948	Public Law 763.
H. R. 5283	Hardy	Surplus sand at Fort Story: To authorize the Secretary of the Army to dispose of surplus sand on Government-owned land at Fort Story, Va., by sale, upon such terms and conditions as are deemed advisable by him.	June 10, 1948	Public Law 619.
H. R. 5298	Johnson of California	Civil Air Patrol: To establish as permanent law the Civil Air Patrol as a volunteer civilian auxiliary to the U. S. Air Force; to authorize the Secretary of the Air Force to accept and utilize the service of the Civil Air Patrol; to authorize the Secretary of the Air Force to make available to Civil Air Patrol, by gift or by loan, sale or otherwise, obsolete or surplus aircraft, aircraft parts, matériel, supplies, equipment, and facilities of the Department of the Air Force.	May 26, 1948	Public Law 557.
H. R. 5344	Andrews of New York	Retired pay of certain enlisted men and warrant officers: To prevent retroactive checkage of retired pay in the cases of certain enlisted men and warrant officers appointed or advanced to commissioned rank or grade under the act of July 24, 1941 (55 Stat. 603), as amended, which will alleviate an unjust situation which has affected approximately 3,000 retired enlisted men and warrant officers of the Navy, Marine Corps, and Coast Guard.	June 19, 1948	Public Law 709.
H. R. 5758	Potter	Armed Forces Leave Act of 1946, amendment: To permit certain payments to be made to surviving brothers, sisters, nieces, or nephews of deceased members and former members of the armed forces.	do	Public Law 710.
H. R. 5805	Blackney	Mustering-out payment: To extend the time for filing claims for payment under the Mustering-Out Payment Act of 1944 to Feb. 3, 1950.	May 19, 1948	Public Law 539.
H. R. 5836	Andrews of New York	Easement at Fort Myers, Fla. (H. R. 5836 substituted on Senate floor for S. 2291): To authorize a perpetual easement over certain lands adjacent to the Fort Myers Army Airfield in Florida.	June 3, 1948	Private Law 339.
H. R. 5870	do	Allowances for war dead escorts: To provide increased allowances for the escorts of repatriated war dead.	do	Public Law 599.
H. R. 5882	Anderson of California	Surplus property for educational purposes: To authorize donations by the armed services, for educational purposes, of such equipment, materials, books, and other supplies as may be obsolete or no longer needed within the National Military Establishment.	July 2, 1948	Public Law 889.
H. R. 5983	Andrews of New York	Medical Services Corps Act (H. R. 5983 substituted on Senate floor for S. 2366): To remove certain restrictions on the source of appointments of pharmacists, optometrists, and other related specialists to the Navy Medical Service Corps.	June 19, 1948	Public Law 716.
H. R. 6039	do	Appointment of Army and Air Force generals: To provide statutory authority for the appointment in the permanent grade of general in the Regular Army of Omar Nelson Bradley, general of the U. S. Air Force of Carl Spaatz, and admiral in the U. S. Navy of Raymond A. Spruance.	June 26, 1948	Public Law 791.
H. R. 6633	Fletcher	San Diego land exchange: To authorize exchange of lands and interest therein between the United States and the city of San Diego, Calif.	July 2, 1948	Public Law 891.

Measures enacted into law, 80th Cong.—Continued

Bill No.	Author	Subject and purpose of bill	Date approved by President	Law No.
H. R. 6698	Andrews of New York	Filipinos at the Naval Academy: To authorize the Secretary of the Navy to permit Filipinos, not exceeding 4 in number at any one time, to receive instruction at the Naval Academy.	June 24, 1948	Public Law 752.
H. R. 6707	do	Officer Personnel Act amendment: To extend the time before which certain officers now serving in the grade of admiral in the Navy and general in the Air Force and Army must be reduced in rank.	June 28, 1948	Public Law 804
H. J. Res. 90	do	Former naval reservists in Philippines: To eliminate present discrimination against certain former naval reservists in the Philippine Islands.	May 15, 1947	Public Law 50.
H. J. Res. 92	do	Rear Adm. Charles E. Rosendahl: To authorize the Secretary of the Navy to present the Distinguished Flying Cross, with accompanying ribbon, to Rear Adm. Charles E. Rosendahl, U. S. Navy, in recognition of his heroic action as commanding officer of the Navy dirigible, U. S. S. *Shenandoah* at the time of its destruction during a violent storm on Sept. 3, 1925.	June 30, 1947	Private Law 35.
H. J. Res. 96	Cole of New York	Lt. Gen. Roy Stanley Geiger: To promote posthumously the late Lieutenant General Geiger, U. S. Marine Corps, to the rank of general in the U. S. Marine Corps.	do	Private Law 36.
H. J. Res. 116	Andrews of New York	Naval Academy appointments: To correct technical errors in Public Law 729,79th Cong., 2d sess., and to provide for the appointment to the Naval Academy, by the Secretary of the Navy, of 160 men annually from enlisted men of the Navy and Marine Corps, and 160 men annually from the enlisted men of the Naval Reserve and Marine Corps Reserve.	May 16, 1947	Public Law 71.
H. J. Res. 167	Gavin	Service rendered under Selective Service: To recognize and publicly acknowledge the gratitude of the people and the Government of the United States for patriotic service rendered by many uncompensated personnel of the Selective Service System during the war.	June 30, 1947	Public Law 133.

EXHIBIT B

Military and naval appropriations, 80th Cong., 1st and 2d sess.

Act	Military Establishment	Air Corps	Naval Establishment
Military Appropriation Act, 1948, Public Law 267, approved July 30, 1947	[1] $5,482,529,633	[2]	
Supplemental Appropriation Act, 1948, Public Law 271, approved July 30, 1947	[3] 600,045,349		$16,736,701
Second Supplemental Appropriation Act, 1948, Public Law 299, approved July 31, 1947	350,000		
First Deficiency Appropriation Act, Public Law 46, approved May 1, 1947	766,201,375		17,740,726
Navy Department Appropriation Act, 1948, Public Law 202, approved July 18, 1947			[4] 3,203,766,100
Third Supplemental Appropriation Act, 1948, Public Law 393, approved Dec. 23, 1947	[5] 340,000,000		
Total, 80th Cong., 1st sess.	7,189,126,357		3,303,243,527
Military Functions Appropriation Act, 1949, Public Law 766, approved June 24, 1948	[6] 5,808,607,162	$896,811,000	
Department of the Navy Appropriation Act, 1949, Public Law 753, approved June 24, 1948			3,749,059,250
First Deficiency Appropriation Act, 1948, Public Law 519, approved May 10, 1948	[7] 149,083,488		[8] 2,957,000
Supplemental National Defense Appropriation Act, 1948, Public Law 547, approved May 21, 1948	25,900,000	[9] 608,100,000	[10] 315,000,000
Foreign Aid Appropriation Act, 1949, Public Law 793, approved June 28, 1948	[11] 1,300,000,000		
Second Deficiency Appropriation Act, 1948, Public Law 785, approved June 25, 1948	32,700,000		[12] 51,337,200
Total, 80th Cong., 2d sess.	7,316,290,650	1,504,911,000	4,118,353,450

[1] In addition, contract authorizations totaling $454,000,000.
[2] Air Corps funds in this act included in Military Establishment total.
[3] Includes $600,000,000 "Government and relief in occupied areas."
[4] In addition, contract authorizations totaling $248,000,000.
[5] For "Government and relief in occupied areas."
[6] In addition to Department of the Army, this act includes funds for the Department of the Air Corps, which are shown in column 2, and also funds for Office of Secretary of Defense, National Security Council, and National Security Resources Board, which are included in the total under Military Establishment, column 1. In addition, includes for Department of the Army, contract authorizations totaling $220,000,000.
[7] Includes $143,000,000 for "Government and relief in occupied areas."
[8] In addition, contract authorizations totaling $4,100,000 with authority to liquidate such contracts out of balances on hand.
[9] In addition, contract authorizations totaling $1,687,000,000.
[10] In addition, contract authorization totaling $588,000,000.
[11] For "Government and relief in occupied areas."
[12] In addition, contract authorizations totaling $50,000,000.

Recapitulation

	80th Cong., 1st sess.	80th Cong., 2d sess.	Total
Military Establishment	[1] $7,189,126,357	[2] $7,316,290,650	[1 2] $14,505,417,007
Air Corps	[3]	[4] 1,504,911,000	[4] 1,504,911,000
Naval Establishment	[5] 3,303,243,527	[6] 4,118,353,450	[5 6] 7,421,596,977
Grand total	10,492,369,884	12,939,555,100	23,431,924,984

[1] In addition, $454,000,000 contract authorizations.
[2] In addition, $220,000,000 contract authorizations.
[3] Air Corps funds included in the Military Establishment figures of $7,189,126,357.
[4] In addition, contract authorizations of $1,687,000,000.
[5] In addition, $248,000,000 contract authorizations.
[6] In addition, $642,100,000 contract authorizations.

CURRENT STATUS AND HISTORICAL REVIEW OF THE POWER CONTRACTS—COST OF POWER—PRIMARY CONTRACTORS—WITHDRAWAL RIGHTS OF THE STATE OF NEVADA FROM HOOVER (BOULDER) DAM—AND OF THE BASIC MAGNESIUM PLANT LOCATED AT HENDERSON, NEV.

Mr. MALONE. Mr. President, the great interest in the seven Colorado River Basin States regarding the current status of the water and power rights and development prompts me to request unanimous consent to insert in the RECORD at this point the recommendations, conclusions, and a summary of the facts pertaining to the status of the electric power leases, withdrawals, and costs at Hoover—Boulder—Dam; also the current status of the Basic Magnesium plant located at Henderson as determined by the Subcommittee on Basic Magnesium of the Special Senate Committee to Investigate the National Defense Program.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

BASIC MAGNESIUM PLANT DISPOSAL

(Joint report of the Subcommittee on Basic Magnesium Plant of the Special Committee to Investigate the National Defense Program and the Surplus Property Subcommittee of the Committee on Expenditures in the Executive Departments pursuant to S. Res. 75, March 1947)

Special Committee to Investigate the National Defense Program: Owen Brewster, Maine, chairman; Homer Ferguson, Michigan; Joseph R. McCarthy, Wisconsin; John J. Williams, Delaware; George W. Malone, Nevada; Harry P. Cain, Washington; Carl A. Hatch, New Mexico; Claude Pepper, Florida; J. Howard McGrath, Rhode Island; Herbert R. O'Conor, Maryland

Committee on Expenditures in the Executive Departments: George D. Aiken, Vermont, chairman; Homer Ferguson, Michigan; Bourke B. Hickenlooper, Iowa; John W. Bricker, Ohio; Edward J. Thye, Minnesota; Joseph R. McCarthy, Wisconsin; Irving M. Ives, New York; John L. McClellan, Arkansas; James O. Eastland, Mississippi; Clyde R. Hoey, North Carolina; Glen H. Taylor, Idaho; A. Willis Robertson, Virginia; Herbert R. O'Conor, Maryland

Subcommittee on Basic Magnesium of the Special Committee to Investigate the National Defense Program: Homer Ferguson, Michigan, chairman; Joseph R. McCarthy, Wisconsin; George W. Malone, Nevada; Carl A. Hatch, New Mexico; Herbert R. O'Conor, Maryland; George Meader, counsel

Subcommittee on Surplus Property of the Committee on Expenditures in the Executive Departments: Homer Ferguson, Michigan, chairman; Bourke B Hickenlooper, Iowa; Joseph R. McCarthy, Wisconsin; John L. McClellan, Arkansas; Herbert R. O'Conor, Maryland; Miles N. Culehan, counsel

(Letter of transmittal)

WASHINGTON, D. C.

Hon. OWEN BREWSTER,
Chairman, Special Committee To Investigate the National Defense Program, United States Senate, Washington, D. C.

Hon. GEORGE D. AIKEN,
Chairman, Committee on Expenditures in the Executive Departments, United States Senate, Washington, D. C.

GENTLEMEN: There is transmitted herewith to the Special Committee to Investigate the National Defense Program and the Committee on Expenditures in the Executive Departments a report of the Joint Committee of the Subcommittee on Basic Magnesium of the Special Committee to Investigate the National Defense Program and the Subcommittee on Surplus Property of the Committee on Expenditures in the Executive Departments concerning the management and operation and prospects of disposal of the Basic Magnesium plant at Henderson, Nev. This report incorporates the findings and recommendations by the joint committee as the result of the hearing.

Sincerely yours,

HOMER FERGUSON,
Chairman, Subcommittee on Surplus Property of the Committee on Expenditures in the Executive Departments and Subcommittee on Basic Magnesium of the Special Committee To Investigate the National Defense Program.

INTERIM REPORT ON THE BASIC MAGNESIUM PLANT AT HENDERSON, NEV.—INTRODUCTION

Early in 1947, Senator GEORGE W. MALONE (Republican, Nevada) recommended that the Special Senate Committee Investigating the National Defense Program conduct an investigation of the Basic Magnesium plant at Henderson, Nev. Senator MALONE urged that both the efficiency of operation of the plant and the deficit in the operation of the plant at the expense of the United States taxpayers, together with the apparent delay in securing firm contracts for Hoover Dam low cost power for use at the plant, be explored, as well as the possibilities of the disposal of this $140,000,000 war investment to the best interests of the State of Nevada, the Southwest, and the United States at a whole.

Five-man subcommittee

Accordingly, in February,, a five-man subcommittee of the Special Senate Committee Investigating the National Defense Program was appointed to exercise the jurisdiction of the committee in the investigation of certain aspects of the management and operation of the Basic Magnesium plant. It was understood that this subcommittee would work in conjunction with the standing Subcommittee on Surplus Property of the Senate Committee on Expenditures in the Executive Departments. It will be noted that the membership of the two subcommittees is identical with respect to three of the members of each subcommittee.

This investigation was preceded by two other investigations by Senate committees; early in the war, the Special Senate Committee Investigating the National Defense Program—and under the chairmanship of Senator, now President Truman—through a Subcommittee on Light Metals and Aircraft—under the chairmanship of the then Senator Mon C. Wallgren, now Governor of the State of Washington—conducted an investigation into the construction of the Basic magnesium plant at Henderson, Nev., and its operation by Basic Magnesium, Inc. That investigation culminated in a report, filed later as a part of the Committee's Report on Magnesium, filed with the Senate on March 13, 1944, as Report No. 10, part 17, of the Seventy-eighth Congress.

In November 1944, shortly after all production of magnesium had ceased, but while the plant was still producing large quantities of chlorine, badly needed for the war effort, a Subcommittee of a Special Committee to Investigate Industrial Centralization, established pursuant to Senate Resolution 190 of the Seventy-eighth Congress, held hearings in Las Vegas, Nev. This subcommittee was under the chairmanship of Senator PAT MCCARRAN, of Nevada, and its hearings are reported as part 5 (Nov. 27 and 28, 1944), of the hearings of that special committee. No report of this subcommittee was filed, but it is apparent from the hearings that the committee was concerned about the possible postwar commercial use of the plant.

Basic Magnesium subject of committee interest

It is thus apparent that almost from its inception the Basic Magnesium plant has been the object of special interest on the part of the United States Senate. The joint subcommittees (hereinafter referred to as the Committee) of the Special Senate Committee Investigating the National Defense Program and the Senate Committee on Expenditures in the Executive Departments, of course, expected that administrative agents would use due diligence in protecting the interests of the Government in all of their activities. However, there can be no excuse for failure to act diligently and effectively with respect to the Basic Magnesium plant on the ground that it was not called to the attention of the administrative agents having functions to perform with respect thereto. This plant has been in the spotlight of congressional attention from its beginning. This fact should have constituted notice to all administrative personnel that an accounting would be expected of the discharge of their functions.

Hearing dates

In addition to the investigative work and the assembling of facts on the part of the staffs of both subcommittees, joint public hearings were held as follows: May 29, 1947, Washington, D. C.; June 24, 1947, Washington, D. C.; June 25, 1947, Washington, D. C.; August 21, 1947, Las Vegas, Nev.; August 22, 1947, Las Vegas, Nev.; January 5, 1948, Las Vegas, Nev.

The purpose of this report is to make available to all concerned a summary of the facts developed in the committee's investigation, together with a statement of conclusions and recommendations, which, in the judgment of the committee, based upon the facts it has developed, will serve the best interests of the country in any future final disposition to be taken with respect to the Basic Magnesium plant.

The purpose of the hearings was to develop the facts with respect to the management and operation of the Basic Magnesium plant and the housing development adjacent thereto, as well as the present status of plans for the disposal of the Government's interest in these facilities.

RECOMMENDATIONS

The amount of low-cost power available for industrial use within the Hoover (Boulder) Dam area—and the conditions surrounding its use, will determine not only the ultimate value of the Basic Magnesium plant facilities—but also the industrial value of the entire area to the State of Nevada, the Southwest and to the Nation.

The necessary transportation, industrial, and domestic water supply and many of the raw materials are available.

In the interest of efficiency of operation, and to secure the maximum benefit to the Nation as a whole, the State of Nevada, and the southwestern area, the joint committee recommends:

1. That the Basic Magnesium plant be disposed of to private industrial operators at the earliest possible time for the reasons: First, that the property may remain upon the tax rolls of the county and State of Nevada (now approximately $102,000 annually); and, second, in the interest of efficient operation. Experience has demonstrated that neither the Federal Government nor a State can operate such industrial enterprises efficiently; that they become political footballs; and that the net result is an unhappy condition for all concerned when such operation is attempted. The committee is convinced, from the information developed during the hearings, that such disposal can be made almost immediately when the Colorado River Commission of Nevada has made the necessary arrangements for the availability of industrial power under the proper conditions.

2. That the Colorado River Commission apply for and secure a minimum of one-third of the electrical energy to be generated at the Davis Dam, now under construction on the Colorado River approximately 50 miles below Hoover (Boulder) Dam, to be utilized in conjunction with Hoover Dam power. This power can then be utilized in conjunction with the Hoover Dam power in the proportion of about 2 to 1—that is, 1 kilowatt-hour from Davis Dam to 2 kilowatt-hours from Hoover Dam—thereby providing reciprocal stand-by power and automatically eliminating the necessity for the purchase of such stand-by energy. The Congress has already appropriated the necessary funds for the construction of the transmission line from Davis Dam to the Basic Magnesium plant area.

3. That the two power transmission-line systems connecting Hoover Dam to the Basic Magnesium plant (now the property of the War Assets Administration) be transferred to the Bureau of Reclamation which is constructing and will operate the Davis Dam transmission lines.

With the Bureau operating both transmission systems in conjunction in a manner to provide reciprocal stand-by power, the cost of purchasing such additional stand-by power will be almost entirely eliminated.

Under no foreseeable conditions should the Hoover Dam-Basic Magnesium transmission lines be delivered to a separate agency or company—since the result could easily be an additional service charge.

4. That the Colorado River Commission take over the generator at Hoover Dam known as N-7 generator—which was installed during World War II for the purpose of furnishing power belonging to the State of Nevada and other contractees to the Basic Magnesium plant for the manufacture of magnesium for war purposes.

5. That since the Colorado Commission of Nevada is the sole agent of the State of Nevada in the withdrawal of the electrical energy allotted to the State, the commission determine at the earliest possible date the rate per kilowatt-hour that such electrical energy will be available to prospective users in order that sale of and the full use of the plant may be expedited.

6. That legislation be introduced in the Congress of the United States for the purpose of allocating to the United States-Mexico-Colorado water treaty that part of the cost of Davis Dam regulatory storage properly chargeable to and guaranteed to be furnished by the international treaty.

At the present time the entire cost of the Davis Dam water storage necessary to make the treaty effective is charged to power and will be paid for by the power users of that particular area. The cost of the combination Hoover-Davis Dams firm electrical energy delivered to the Basic Magnesium plant should be approximately 3 mills per kilowatt-hour—this rate would then be reduced by whatever amount of the cost of Davis Dam regulatory storage is found to be properly chargeable to the United States-Mexico international treaty, and should have a considerable effect upon the industrial feasibility within the area.

7. That the War Assets Administration continue watching closely the cost of administration. Since the cost of such administration has been reduced from a net loss of nearly $200,000 per month at the first hearing date, May 1947, to approximately $3,000 on January 4, 1948, the date of the final hearing, it is believed that the project can be operated upon a paying basis with the present power users and when additional power is sold a profit should be realized.

8. That little difficulty will be experienced in disposing of the basic magnesium units for private industrial purposes when the Colorado River Commission and the War Assets Administration carry through the above recommendations—and the firm power is available to such industrialists at approximately 3 mills per kilowatt-hour—and while there has been unusual delay in such procedure, the committee strongly recommends that the units be transferred to private industry at the earliest possible date so that the property may remain on the tax roll and also be operating and available for emergency work.

These eight recommendations embody, for the most part, the preliminary recommendations made to the War Assets Administration following the first hearing in May 1947.

CONCLUSIONS

1. The wartime power contract covering the generator N–7, while it may have been justified under the exigencies created by the emergency, was certainly a bad contract from a long-range point of view, and has left the Government in a position of being required to make substantial payments until 1966 and receiving nothing in exchange therefor since 1945. Since it is probable that some power contracts will be entered into in the future to supply the plant, the committee earnestly recommends that the lesson to be learned from the wartime contract not be forgotten and that the same pitfalls be avoided.

2. There has been unjustifiable procrastination and delay on the part of administrative agencies—primarily Defense Plant Corporation and Reconstruction Finance Corporation—in taking steps to dispose of the Basic Magnesium plant, representing an investment of $140,000,000 of taxpayers' money for war purposes. In March 1944, when the plant was producing at its peak rate of 120,000,000 pounds of magnesium annually (112 percent of rated capacity), it was clear, first, that the plant would not be needed for magnesium production, either for the war or for postwar peacetime production, and, second, that it would have to be disposed of either as a going concern for postwar uses other than magnesium production or salvaged by dismantling and sale of the usable fixtures and personal property and either sale or abandonment of the residue. Although adequate power and authority at all times existed in the administrative agencies to take steps for disposal, no effective action was taken. The committee was amazed to learn that even at the date of hearings Reconstruction Finance Corporation was still in the process of taking an inventory, no steps had been taken to arrange for low-cost firm power, an accounting for the cost of operation was still incomplete, and no written leases were in effect. The committee was further amazed to learn that War Assets Administration apparently was not cognizant of the fact that the State of Nevada had a withdrawal privilege on a large amount of firm power at cost at the switchboard.

3. The interests of the taxpayers were disregarded in the failure of the administrative agencies. Defense Plant Corporation and Reconstruction Finance Corporation, until February 1, 1947, and War Assets Administration subsequent to that date and up until the time of the committee's investigation and hearings, to take effective action toward efficient and economical operation of the plant in semistand-by condition which has resulted in a net direct operating loss to the taxpayers estimated to be from one million to two and one-half million dollars annually. The committee is gratified that the War Assets Administration, after first taking the position that it was impossible to reduce the net operating losses at the Basic Magnesium plant, now estimates that as of September 1947 the net operating deficit will be reduced to the rate of $25,000 monthly.

4. The committee recommends that the disposal of the townsite be considered as an integral part of the whole problem and that no disposal thereof should be made which would interfere with or hinder the ultimate solution to the entire problem. The testimony of the witnesses as to the effect of the sale of the townsite independently, and the recommendations of the Industrial Research Corporation on the disposal of the town site should be carefully weighed by the responsible officials before a decision is reached and action is taken.

5. The committee is of the opinion that the suggested acquisition by the State of Nevada is unsound for several reasons. First of all, the evidence seems to clearly indicate that the State is not in a financial position to either acquire the plant or to underwrite the maintenance loss which might occur. Second, it is questionable whether the State ought to risk public funds in a speculative profit-making or loss-taking enterprise. Third, experience has shown that publicly operated enterprises of the character ordinarily handled by private capital have not been outstanding successes, and fourth, the committee feels that it is not necessary for the State to engage in this private business activity in order to accomplish the real benefits for this State in which it does have an intense interest, namely, the development of industry within its borders which would enhance the wealth of the State and employment of its citizens.

6. The committee is of the opinion that the best disposal plan presented is multiple occupancy of the plant with retention of central control of utility services in one responsible authority at least until it may be possible to dispose of these utilities to all of the plant occupants jointly. It is, of course, essential that disposal of individual units of the plant should not in any way interfere with complete utility service to the entire plant since such a disposal would defeat the ultimate goal.

7. It is apparent to the committee that low-cost firm power is an absolute essential to the successful disposal of the plant. No source of low-cost firm power seems available other than the State of Nevada, and therefore, immediate steps should be taken ultimately to secure such low-cost power from the State. The committee feels that a certain synchronization of action is essential in the matter of securing this power, since it requires 3 years for Nevada to withdraw sufficient power, it also requires approximately 3 years to install additional generating facilities and the State of Nevada cannot withdraw its share of power until it is guaranteed against loss by bond from its proposed consumer. The committee further recommends that immediate action be taken to secure an interim power contract, in order to provide a source of power during the period which will be required for Nevada to get its power, and that such contract should of course contain the most favorable terms possible, and certainly terms more favorable than in the previous power contracts. The committee recommends that serious consideration be given to the possibility of tying in Davis Dam power when available in order to have standby power to prevent power shut-downs. In the negotiations for interim power it should be understood that the contract will in no way interfere with, or increase the time required for Nevada's withdrawal of power, since this would defeat the very purpose desired. The committee feels that whatever steps possible should be taken to secure for the State of Nevada the power generated by N–7, since the Government is liable for the amortization payments on this unit until 1966 and this would seem to be an equitable solution to this situation. In any event, if this is not possible, a serious effort should be made to secure an increase in the rate of payment made for the use of N–7, in order to reduce the present loss being sustained by the Government. If it is possible, under all of the circumstances, the committee recommends that serious consideration be given to the transfer of the transmission facilities owned by the Government to the Bureau of Reclamation.

8. War Assets Administration has taken the position that the appraisal and utilization study made by the Industrial Research Corporation should remain confidential and for the sole use of War Assets Administration. This position seems to be based upon the belief on the part of War Assets Administration officials that if the information contained in the report was available to prospective tenants or customers of War Assets Administration, War Assets Administration would be unable to negotiate a bargain as favorable for the Government as it could if the report were withheld. The committee disagrees on grounds of policy with War Assets Administration in this regard. With possible exceptions which the committee cannot now foresee, the committee believes that all information in the possession of the Government bearing upon the desirability, feasibility or profitableness of a transaction with the Government should be available to individuals and corporations desiring to transact business with the Government. Whatever may be the proper attitude with respect to transactions in private enterprise, the committee believes that public property should be dealt with openly and with full knowledge available to all prospective customers and not by concealment of facts bearing either upon the economic soundness of the enterprise or the price to be paid. Accordingly, the committee recommends that the industrial survey report be made public and available to all who may be interested in its contents.

9. The committee is impressed with the possibility of disposing of the Basic Magnesium plant as a going concern to actual operators and avoiding any Federal or State operations where taxes are lost to the State and inefficient operation is inevitable. The rapid expansion in population and the industrial development in the Southwest has a tendency to interest the establishment of production facilities either by new companies or by existing companies whose production operations have heretofore been concentrated in the East. The establishment of an electrochemical or electrometallurgical center with the Basic Magnesium plant as its nucleus seems, to the committee on the evidence before it, to be feasible. The committee has been informed that several large and well-established chemical companies intend to establish operations near the southwestern market. The unfortunate and, so far, unsolved so-called "smog" condition in the Los Angeles area has caused such

companies to hesitate to invest large sums of money in establishing new facilities in the Los Angeles area. Henderson, Nev., being approximately 335 miles by rail from Los Angeles, is one possible desirable location for electrochemical and electrometallurgical companies desiring to serve the southern California market. In estimating costs and ability to compete, the primary unknown factor is the cost of power, which is one of the basic elements of cost in the electrochemical and electrometallurgical industry. An assurance of low-cost power might offset a disadvantage in other elements of cost which would induce companies to locate at Henderson, Nev., in the Basic Magnesium plant. The benefit to the State of Nevada, whose population is approximately 150,000, and which is practically devoid of manufacturing or industrial operations, would be tremendous. The benefit to the United States as a whole, resulting from a development of a hitherto undeveloped area and in the dispersal of industrial operations and in the realization of a substantial return from a large war asset, would, likewise, be tremendous. The committee, therefore, believes that the possibilities of disposing of the Basic Magnesium plant as a going concern should be fully and effectively explored and exploited. Nevertheless, the committee believes that against the above-stated desirable objective must be carefully weighed the continuation of large operating losses, and for that reason urges War Assets Administration to intensify its effort to dispose of the Basic Magnesium plant as a going concern and come to a conclusion as speedily as possible to the end that, if disposal as a going concern is not achievable, salvage operations can be commenced without undue delay.

A SUMMARY OF THE FACTS PERTAINING TO ELECTRICAL ENERGY

1. That the availability of low-cost power will determine the value of the Basic Magnesium plant. Such low-cost power might well mean the difference between the scrap value of the plant and its value as a going concern in the manufacture of chemical, electrochemical and electrometallurgical products, as well as other material peculiarly fitted to that area.

2. That the State of Nevada has a withdrawal privilege on approximately 750,000,000 kilowatt-hours per annum of electrical energy from Hoover Dam under special conditions more particularly outlined under the contracts between the Secretary of the Interior and the primary allottees of the power from the dam. More specifically, the State of Nevada and the State of Arizona are each entitled to 17.6259 percent of the firm power generated at the dam.

The cost of such power so withdrawn at the dam based upon 1947 costs would be 1.22 mills per kilowatt-hour for "falling water" plus the generating cost equalling approximately a total of 2 mills per kilowatt-hour at the switchboard.

3. That it is necessary that interim power be secured for the use of tenants at the Basic Magnesium plant during the period required to secure Nevada's allocation of power direct from Hoover Dam. The time delay is from 6 months to 3 years, depending upon the amount of electrical energy applied for.

4. That upon proper application, Nevada could become the user of at least one-third of the power to be generated at Davis Dam which would amount to approximately 300,000,000 kilowatt-hours of electrical energy. Such energy will be available about the year 1950–51 which coincides with the time required to withdraw the State's allocation of power from Hoover Dam. Such an allocation of power would amount to 1,050,000,000 kilowatt-hours of electrical energy available to the State of Nevada from the two sources.

5. The Eightieth Congress appropriated money for approximately 70 miles of transmission lines between Davis Dam and Hoover Dam. The Hoover Dam power plant now has transmission lines running to the Basic Magnesium plant. If the above-projected transmission line from Davis Dam should be constructed to the Basic Magnesium plant and then connected with the two circuits already constructed from Hoover Dam to the Basic Magnesium plant, there would be three independent transmission circuits from two independent sources of power which is considered, from a construction standpoint, an exceptionally safe arrangement, needing little if any stand-by power.

6. With the above three independent power circuits constituting the power transmission facilities from two independent sources operating under the control of the Bureau of Reclamation which department now controls both dams, the power allocated to Nevada could then be used and operated as reciprocal stand-by power, and little if any stand-by power would be necessary to facilitate or care for the operation of the Basic Magnesium plant facilities.

7. That to coordinate the power from the two sources in the ratio of about 1 kilowatt-hour of energy from Davis Dam to two or more kilowatt-hours of energy from Hoover Dam would result in the right proportions for efficient operation.

8. That the advent of the Davis Dam power upon the completion of that project at about the time the State of Nevada's allocation should be withdrawn from Hoover Dam could well eliminate any penalty for existing transmission lines rendered idle through the withdrawal of Nevada's allocation of electrical energy from Hoover Dam. The Board of Arbitration provided for in existing regulations under the Boulder Dam Project Adjustment Act to pass on inequities, obviates any necessity for delay in such withdrawal.

9. That the Colorado River Commission of Nevada is the legally designated agency that may apply to the Secretary of the Interior to withdraw Nevada's allocation of power, and is authorized to require such arrangements as may be necessary to safeguard the State from loss by the prospective user of such electrical energy.

10. That to assure current operation at the Basic Magnesium plant it is necessary for the Colorado River Commission of Nevada to immediately negotiate with the primary power allottees for such interim power as may be required for the use of tenants pending the availability of the essential part of the State's allocation of electrical energy.

11. That the contract between the Government, the State of Nevada, and the primary allottees for power from Hoover Dam making available a portion of the State of Nevada's share of the power for use at the then new wartime Basic Magnesium plant contained a provision, approved by the State of Nevada, that such power reverted to primary allottees immediately after the war ended.

This proviso placed the State of Nevada in such position that they now must again observe the time limit in withdrawing power for any peacetime operation, and if such proviso were strictly construed with interim power not available it could destory the usefulness of the Basic Magnesium plant during the 3-year period required to legally withdraw Nevada's allotment of power.

12. That in 1946 a 5-year contract for interim power was entered into with the Southern California Edison Co. and the State of Nevada. In such contract Nevada agreed to relinquish its rights to make an effective withdrawal of Nevada's allocation of power during the life of the contract, thereby effectively preventing the State from utilizing its own low-cost power for an additional 2-year period.

13. That the tenants at the plant are currently paying roughly two and one-half times the rate per kilowatt hour for power that it costs the Los Angeles Southern California Edison Co. and the bureau of light and power at the dam 10 miles away.

14. That the representatives of the bureau of water and power, and of the Southern California Edison Co. agreed, at the hearings in Las Vegas on August 21, 1947, to recommend to their companies that they enter into negotiations with the Colorado River Commission of Nevada for a new interim power contract pending the availability of Nevada's share of Hoover and Davis Dam power supply.

15. That all evidence showed conclusively that the value of the wartime plant to Nevada, to the Southwest, and to the Federal Government is dependent upon a power supply at a price enough below that available at tidewater so that it can be utilized in the production of the chemical, electrochemical, and electrometallurgical products and other materials—pay the freight to the markets, and leave a margin of profit.

SUPPORTING AND HISTORICAL DATA AS DISCLOSED BY THE RECORD

A permanent and adequate supply of power for industries which might be located in the Basic Magnesium plant requires the making of two arrangements.

First. Generating capacity must be provided in the Boulder power plant so that the State of Nevada can make available power which it has the right to withdraw from use by primary power allottees.

Second. Provision must be made for stand-by capacity so that emergency outages as well as normal outages for inspection and maintenance can be provided for.

The State of Nevada should acquire what is known as the N7 generator installed during the war to furnish power to the Basic Magnesium plant and the cost would be much less than installing a new one—and, in addition, time is an important factor.

An additional new unit in the Boulder plant would cost about $5,000,000. The annual charges in connection with such a unit will be approximately as follows:

Amortization	$193,000
Provision for replacements	57,700
Operation and maintenance	50,000
Total	300,700

In addition to paying the above generating charges, the State of Nevada would also be required to insure the payment of the falling water charges, which at the present time are at the rate of 1.22 mills per kilowatt-hour. On the basis of an annual usage of 400,000,000 kilowatt-hours, the generating charges would amount to approximately .75 mill per kilowatt-hour, or a total cost of 2 mills per kilowatt-hour for power supplied at a high voltage bus at the Hoover power plant before provision is made for stand-by capacity.

Unless an unusually high load factor type of load can be secured for Basic Magnesium, more than 400,000,000 kilowatt-hours per year cannot be practically handled by one additional unit in the power plant, if all of the power is to come from this source. Four hundred million kilowatt-hours is about twice the present usage at Basic Magnesium.

Davis Dam, 1950

With the estimated completion by 1950 of the Bureau of Reclamation's hydroelectric development at Davis Dam, it appears that possibilities for securing an adequate supply of power at Basic Magnesium with stand-by capacity will be present in a manner not heretofore contemplated. With the completion of the Davis plant, the Bureau of Reclamation will undoubtedly find it convenient to arrange for stand-by for that plant and the connected plant at Parker Dam. Ways and means of fully interchanging power from these two Bureau developments with the

Hoover power plant would undoubtedly be advantageous to the Bureau of Reclamation. It would appear, therefore, that some reasonable agreement could be reached whereby both the Bureau of Reclamation and the industries at the Basic Magnesium plant could be provided with stand-by capacity.

Cost of power, Hoover-Davis Dams

The State of Nevada has made application for 200,000,000 kilowatt-hours per year from the Davis Dam. If uses at Basic Magnesium should increase beyond 400,000,000 kilowatt-hours per year to the extent that these 200,000,000 kilowatt-hours from Davis were required, the resulting cost per kilowatt-hour would be somewhat as follows:

400,000,000 from Hoover at 2 mills	$800,000
200,000,000 from Davis at 4½ mills	900,000
Total for 600,000,000 kilowatt-hours	1,700,000
	Mills
Average cost per kilowatt-hour	2.83

In the event that the N–7 generator can be secured by the State of Nevada, then the cost of power should be even lower than the 2.83 mills per kilowatt-hour and the time interval should also be reduced.

If a new unit is ordered for Hoover within the next 6 months, however, it is probable that power from that unit will become available about the same time that power is available from Davis Dam.

The Bureau of Reclamation in its request for an appropriation, which has now been granted by Congress, for the fiscal year 1948, included an item for starting construction of a transmission line from Davis Dam to Hoover Dam. That line will now be constructed. With present contemplated deliveries of materials, it is probable that this line will also become available at about the same time that the Davis power plant is completed. Other arrangements necessary to provide a firm source of power must be initiated at an early date if all arrangements are to be effected as outlined.

Assuming that these arrangements will be made, there still remains the question of an interim power supply for the industries at Basic Magnesium for the next 3-year period, or such part of that 3-year period as is required for the withdrawal of the Nevada power. Apparently the only possibility for such a supply lies in suitable arrangements with the southern California allottees of Hoover power. Negotiations for such power supply would be the responsibility of the State of Nevada.

The 1946–47 rate of power from the Hoover power plant covering falling water only was 1.22 mills per kilowatt-hour for the firm power and 0.376 mills per kilowatt-hour for the secondary power.

The generating costs to deliver the power using this falling water and delivering the power to the switchboard would be about three-quarters of a mill per kilowatt-hour. This is for the generating equipment, on about a 60-percent load factor. This cost would be graded down as the load factor goes up.

The transmission lines to take this power from Hoover Dam to the Basic Magnesium plant at Henderson where the power is used, were financed by the Reconstruction Finance Corporation. The equipment at Hoover Dam was installed by the Bureau of Reclamation. The N–7 generator was put in by the Bureau of Reclamation and its cost underwritten until 1966 by the RFC. The 220,000-volt switchyard equipment was put in by the Bureau of Reclamation under the same arrangement. The cost amounted to about $4,000,000 for the equipment installed by the Bureau only.

Coordinate Hoover-Davis Dam power—Reduce stand-by

In the use, then, of this power, and in coordinating the use of the Davis Dam power with the Hoover Dam power to make the lowest possible rate to the Basic Magnesium plant and to make for full utilization, it is necessary to build this transmission line from Davis Dam to Hoover Dam or to the Basic Magnesium plant.

Three circuits are involved here. Very seldom does any industrial establishment have three circuits available and also a source of stand-by furnished by a coordination of supply from two sources. That should provide for the lowest possible cost for power and highest guaranty of continuity of delivery.

It was important in this hearing to make a determination how low-cost firm power could be made available on long-term contracts because there now exists a demand for such power, and the possibility of an oversubscription in the next few years. If such oversubscription should become a fact there is the future prospect of another development upstream commonly known as the Bridge Canyon, so it appears that there is a never-ending source of power development on the Colorado River if properly coordinated.

The transmission lines from Hoover Dam to the Basic Magnesium plant are about 12 miles long, and the contemplated power line from Davis Dam will be approximately 70 miles in length. The Bureau of Reclamation will control and operate the 230-kilovolt transmission line from Davis Dam to the Basic Magnesium plant. At present there are also two kilovolt circuits to Hoover Dam which were constructed by the RFC, and included with this equipment are three banks of transformers of 75,000 kilovolts each, which cost about $400,000 each. This expensive equipment requires very specialized technique in its care and use.

There are, therefore, two reasons why these transmission lines could appropriately be turned over to the Bureau of Reclamation by the RFC to operate in connection with the other transmission line from Davis Dam. They could be operated at a minimum of cost because the Bureau of Reclamation is now equipped and properly staffed to operate. They have had some 40 years of experience in building and operating such equipment and the training of men therefor. In the event of break-downs they have the available equipment for replacement and by over-all control have the facilities to coordinate the power from the various installations on the Colorado River.

If the present owning or operating agency should turn control of these lines over to the Bureau of Reclamation, any transmission charges from Hoover Dam to the Basic Magnesium plant might be eliminated; at least any cost that did arise would not be chargeable to the Colorado River Commission or the State of Nevada. If any charges did arise, they would rightfully belong to the Bureau of Reclamation.

The Bureau of Reclamation has the duty to coordinate the use of all available power supply on the Colorado River, not only as to Hoover Dam but as to Davis Dam also upon its completion, to Parker Dam, as will also be the case if Bridge Canyon is constructed in the future. With the Bureau's general control, they then are in a better position than any other agency to allocate and control any incidental costs that might arise.

Hoover Dam

The Federal Government has followed a long-adopted principle by publicly financing irrigation districts in disposing of the power generated by their projects—and leased the use of the water released through the dam to municipalities and power companies for the generation of power. Such was the case in the building of the Hoover Dam.

The Black Canyon (Hoover) Dam is 727 feet high, its crest length is 1,282 feet. Its thickness is 45 feet at the top and 660 feet at the base. Lake Mead, the reservoir formed back of the dam, is 115 miles long and has an area of 146,500 acres and stores 32,359,274 acre-feet of water. The ultimate expected installations will require for driving the generators fifteen 115,000 horsepower and two 55,000 horsepower vertical hydraulic turbines. The generator equipment will comprise eleven 60-cycle and four 50-cycle units, each rated 82,500 kilowatts, two 60-cycle 40,000 kilowatt generators and two 2,400 kilowatt house generators driven by two 3,500 horsepower Pelton water wheels which will provide station-service energy. The main turbines each exceed in capacity the largest previously manufactured units; namely the 90,000 horsepower units built for the Dnieprostroy plant in Russia.

On January 1, 1947, twelve of the 82,500 kilowatt and one of the 40,000 kilowatt units had been installed. When the plant is complete the total installed capacity, including house units, will be 1,332,300 kilowatts.

Boulder Canyon project

The Boulder Canyon Project Act (H. R. 5773) became law in December 1928. It was put into effect by public proclamation in June 1929, and the contract for construction of the dam, powerhouse and incidental works was awarded in April 1931, by the Secretary of the Interior, Ray Lyman Wilbur, the Government's agent under the act, after securing firm contracts from the sale of power and water to repay the cost with interest over a 50-year amortization period. The dam and appurtenant works required 5 years to construct and the first power was generated in October 1936.

The principal features of the original act pertaining to the generation of electric power were as follows:

The Government would install power units as required by purchasers; 50-year contracts, subject to readjustment at the end of 15 years and each 10 years thereafter, all to be entered into by the Secretary of the Interior with States, municipalities, corporations, political subdivisions, and private companies for the sale (or lease) of water or electric energy at rates adequate in his judgment to assure payment of all expenses of operation and maintenance of the dam, power plants, and appurtenant structures, and the repayment to the United States, within 50 years from the date of completion, of the cost, plus interest at 4 percent (the cost of the generating machinery plus 4 percent compound interest to be repaid the Government in 50 yearly installments); the ownership of the property to remain forever vested in the United States.

Advances were made by the Secretary of the Treasury for construction and were to be limited to $165,000,000; $70,000,000 to the dam, $38,000,000 for power plants, $38,500,000 for the All-American Canal, and $17,700,000 for interests during construction. Final costs are not yet available.

Expenditures for the canal are to be repaid by the land benefited as provided under the Reclamation Act, and $25,000,000 of the total expenditures are allocated to flood control repayable out of 62½ percent of the revenues in excess of those required for operating and maintenance expenses, interest, and amortization as described above.

In June 1930 Secretary Wilbur announced that contracts had been signed for leases of the falling waters on the basis of firm electric power at the rate of 1.63 mills per kilowatt-hour, a rate sufficient to provide revenues in accordance with the requirement of the act.

Contracts and dates

The original Boulder Canyon Project Act was approved December 21, 1928. The power

contracts entered into under the original act were as follows:

Lease of power privilege, United States, city of Los Angeles, and Southern California Edison Co., dated April 26, 1930, as amended September 23, 1931.

Contract for electric energy, Metropolitan Water District, dated April 26, 1930, as amended May 31, 1930.

Contract for electric energy, the Los Angeles Gas & Electric Corp., dated November 12, 1931.

Contract for electric energy, Southern Sierras Power Co., dated November 5, 1931.

Contract for electric energy, city of Pasadena, dated September 29, 1931.

Contract for electric energy, city of Glendale, dated November 12, 1931.

Contract for electric energy, city of Burbank, dated November 10, 1931.

In addition to this, a contract was entered into with the State of Nevada for initial delivery of energy to the customers of the State, such as Southern Nevada Power Co. and Lincoln County Power District No. 1:

Schedule of allocations

	Percentage of total firm energy
State of Nevada	18.0
State of Arizona	18.0
Metropolitan Water District	36.0
City of Los Angeles	14.9054
Southern California Edison Co	7.2
Southern Sierras	.9
Los Angeles Gas & Electric	.9
City of Burbank	.5896
City of Glendale	1.8867
City of Pasadena	1.6182

In the event the State of Nevada or Arizona would not use the total amount allocated to it, the city, the Southern California Edison Co., Los Angeles Gas & Electric Corp., and Southern Sierras Co. agreed to take and/or pay for the amounts unused by the States in the ratio of 50 percent, 40 percent, 5 percent, and 5 percent, respectively. The total firm energy declared available at the time of beginning operations was 4,330,000,000 kilowatt-hours per year, diminishing annually by 8,760,000 kilowatt-hours. After the project was repaid with 4 percent interest each of the States of Arizona and Nevada was to receive 18¾ percent of such excess revenues and the balance was to be kept in a separate fund to be expended within the Colorado River Basin, as prescribed by Congress.

Rates: The primary allottees agree to pay 1.63 mills per kilowatt hour for firm energy and 0.5 mill per kilowatt-hour for secondary energy delivered at transmission voltage at Hoover Dam. Rates were subject to readjustment, upward and downward, as the Secretary would find justified by competitive conditions at distributing points for competitive centers.

Major features of lease: The power plant would be operated (under general supervision of a director appointed by the Secretary) by the city and the Southern California Edison Co. as lessees. Allottees would compensate the United States for the use of the leased machinery and equipment installed in the power plant, maintain in operating condition, and provide for repairs and replacements. The compensation for the use of machinery was to be based on repayment within 10 years with interest at 4 percent.

BOULDER CANYON PROJECT ADJUSTMENT ACT OF 1940

The principal items of the Boulder Canyon Project Act pertaining to the generation and sale of electric power have been, to a large extent, revised under the Boulder Canyon Project Adjustment Act of 1940.

Allocations and contracts

In conformity therewith and pursuant thereto, many contracts have been entered into by allottees and users of electrical energy, and following is a list of contracts now in existence:

Power contract, Metropolitan Water District, dated May 29, 1941.

Power contract, Nevada-California Electric Corp., dated May 29, 1941.

Power contract, State of Nevada, dated May 29, 1941.

Power contract, city of Burbank, dated May 29, 1941.

Power contract, city of Glendale, dated May 29, 1941.

Power contract, city of Pasadena, dated May 29, 1941.

Power contract, Arizona Power Authority, dated November 23, 1945.

NOTE.—The city of Los Angeles purchased the Los Angeles Gas & Electric Corp. and acquired its rights of that party to Boulder contracts. The Southern Sierras Co. changed names to Nevada-California Electric Corp.

The allocations under the Boulder Canyon Adjustment Act changed slightly to account for the 50,000,000 kilowatt-hours that were allocated to the city of Los Angeles and the percentages resulted as follows:

	Percent
State of Nevada	17.6259
State of Arizona	17.6259
Metropolitan water district	35.2517
City of Burbank	.5773
City of Glendale	1.8475
City of Pasadena	1.5947
City of Los Angeles	17.5554
Southern California Edison Co	7.0503
California Electric Power Co	.8813

The city of Los Angeles, the Southern California Edison Co., and the Nevada-California Electric Corp. continued to be obligated to take and/or pay for any allocation of the State of Nevada or Arizona unused by either in the following ratio of 55 percent, 40 percent, and 5 percent, respectively.

Rates: Firm and secondary energy

Rates are readjusted annually to account for actual costs of operation and maintenance, availability of secondary energy, and other miscellaneous items, with the following resulting energy rates:

Year of operation	Firm energy rates	Secondary energy rates
June 1 to May 31—	*Mills per kilowatt-hour*	*Mills per kilowatt-hour*
1937-38	1.163	0.340
1938-39	1.163	.340
1939-40	1.163	.340
1940-41	1.163	.340
1941-42	1.163	.340
1942-43	1.172	.345
1943-44	1.190	.357
1944-45	1.254	.398
1945-46	1.244	.392
1946-47	1.220	.376
1947-48	1.277	.413
1948-49	1.343	.454

STATUS OF THE BASIC MAGNESIUM PROJECT, JULY 14, 1948

Subsequent to the investigations and preliminary report of the special subcommittee, which included hearings in Washington, D. C., and in Las Vegas, Nev., through 1947 and January 1948, the Colorado River Commission of Nevada has informed members of the subcommittee that the three principal recommendations of the subcommittee had been adopted and were being put into effect:

1. That the Colorado River Commission had applied for one-third of the power to be generated at Davis Dam—65,000 to 70,000 kilowatts of electrical energy—to be utilized in conjunction with Hoover Dam power.

2. The second letter of intent to the Colorado Commission of Nevada from the War Assets Administration to transfer the Basic Magnesium plant to the State of Nevada contained a provision (section 21) that the transfer of the property to the State "shall be made subject to the agreement to permit the Bureau of Reclamation of the Department of the Interior to negotiate for the acquisition of the entire transmission system." Congress included the necessary provisions in the 1948 appropriation legislation to transfer the Bureau.

3. That the Colorado River Commission had arranged to take over the N7 generator at Hoover Dam—and that the Commission had applied for the State of Nevada's allotment of power so that within a minimum of time the commission could make firm contract commitments to industrialists and prospective users of power at a definite rate per kilowatt-hour and horsepower year in accordance with the load factor and pertinent contract features.

The proper proportion of the cost of construction of the Davis Dam properly chargeable to the international water treaty between Mexico and the United States through the necessity of reregulation of the Colorado River water supply is now being computed and I will introduce the proper legislation in the United States Senate in the Eighty-first Congress in 1949 as announced earlier this year.

Practically the entire capacity of the Davis Reservoir as now designed would have been necessary for reregulation in any case according to the information now available so that with the proper legislation the cost of Davis Dam power be materially reduced.

State ownership

The subcommittee of the national defense committee recommended that the Basic Magnesium plant be sold and transferred direct to private industrialists, which would have been a very simple matter if the Colorado River Commission of Nevada had been in position to have made contracts for a firm power supply at a stipulated cost within the range of feasibility for such industrial uses within the area. However, since the commission had not made the necessary arrangements to enter into such contracts, and since the War Assets Administration has transferred the plant to the State of Nevada through a letter of intent and acceptance procedure, I intend to cooperate with the Governor of Nevada, who is chairman of the commission, in every possible way to further the success of the undertaking.

Through transfer to the State the approximately $102,000 annual taxes have been lost to the State and county—and past experiences with State ownership and operation of large industrial enterprises have not been happy.

The investigation and hearings by the subcommittee disclosed there is little doubt that the plant units can be disposed of in a very profitable manner when the Colorado River Commission has completed its work in connection with the proper withdrawal and coordination of the low-cost power supply necessary for the operation of the units.

The work of the commission in this connection should be diligently pursued toward the objective of disposal of the plant units to private industry and return to the tax rolls of the State and county and operation in the regular business field.

Letter of intent

The letter of intent, dated March 17, 1948, and signed and accepted by the Colorado River Commission on March 31, 1948, follows (transfer of the Basic Magnesium plant by the War Assets Administration to the Colorado River Commission of Nevada):

MARCH 17, 1948.

COLORADO RIVER COMMISSION,
Carson City, Nev.

(Attention Gov. Vail Pittman.)

GENTLEMEN: Reference is made to the proposal dated October 7, 1947, wherein the War

Assets Administration, acting for and on behalf of the Reconstruction Finance Corporation, under and pursuant to Reorganization Plan 1 of 1947 (12 F. R. 4534), and the powers and authority contained in the provisions of the Surplus Property Act of 1944, as amended (58 Stat. 765), and WAA Regulation One, as amended (11 F. R. 408), hereinafter called seller, offered the State of Nevada, acting by and through its Colorado River Commission, hereinafter called purchaser, an opportunity to negotiate for the purchase or lease of the entire holdings of the United States Government known as Plancor 201, Basic Magnesium plant, located at Henderson, Nev. On November 5, 1947, the Colorado River Commission, through its secretary, Mr. Alfred Merritt Smith, advised that such commission, at a formal meeting held on October 7, 1947, had determined that it desired to negotiate for the purpose of taking over this property. Subsequent to negotiations, it was determined that the entire facility would be sold and transferred to the State of Nevada, acting by and through its Colorado River Commission, upon the following terms and conditions:

1. Title shall be vested in the Colorado River Commission in absolute fee ownership with the purchaser being obligated to pay the seller at the time of the execution of the instruments of transfer. One dollar in cash and thereafter, as an additional consideration all of the net rentals, revenues, or other emoluments derived from the operation of the property through sale, lease, or otherwise (except returns on minerals) for a period of 20 years, or until a sum of $24,000,000 has been paid to the seller, whichever is earlier.

2. The conveyance of the property shall be in absolute ownership with the purchaser having the full right of sale or lease of the property conveyed to it, or any part thereof, subject to the approval of the seller upon terms and conditions to be mutually agreed upon.

3. The seller shall reserve all minerals and mineral rights for its exclusive benefit and all income from such minerals or mineral rights, either through bonuses, royalties, or sales, shall go to the seller. This reservation shall be subject to the understanding that any development of the property for mineral purposes shall be conducted in such manner as to not unreasonably interfere with the use of this property as an industrial site.

4. Seller shall retain title to all chapels located within the boundaries of this facility. The ultimate determination as to which denomination may purchase these chapels shall be made by the Chief of Chaplains in accordance with the provisions of War Assets Administration Regulation 5, Order 16. The seller shall also retain title to the hospital and adequate grounds therefor. It is proposed to transfer the hospital to Rose de Linn Hospital, a corporation, with agreement that hospital facilities be made available to Henderson residents.

5. Net rents, revenues, profits, and other emoluments shall be turned over to the seller for the period of years hereinabove set out, as proceeds of this disposition, within the meaning of the Surplus Property Act of 1944, as amended, and shall be deemed to mean all gross rent, revenue, and other emoluments of any kind received by the purchaser in leasing, operation, or sale of all or any part of the facility and including, but not limited to, furnishing utilities or rendering services in connection with the operation of the facility, less deductions for (a) the usual and ordinary costs (including direct labor, materials, and overhead) of current upkeep, insurance, maintenance, and operation of the facility by the purchaser; (b) administrative costs at the facility not to exceed quarterly the sum expended for such costs during the last quarter of 1947 which has been estimated to be $50,000; (c) costs of promotional work and other activities in obtaining tenants or making sales, which costs shall not exceed $20,000 per year. Administrative costs allowable in (b) above shall be limited to the following departments: Executive, cashier, purchasing, accounting, billing and statistics, personnel, time-keeping and pay roll and disposal negotiations and which include the following expenses: Salaries of the above departments, travel expenses of employees on official business, office supplies and expenses, postage, telephone rental and tolls, telegrams, auditing expenses, legal and collection expenses, taxes (other than ad valorem), bad debts, and sundry general expenses. Any administrative costs not covered by the foregoing shall be subject to the approval of seller.

6. In the event the revenue produced from the property through sale, lease, or operation does not provide sufficient funds for the proper upkeep and maintenance of the property, the purchaser shall have the right and option at any time to (a) supply the deficiency in the amount necessary for upkeep and maintenance from its own funds, or (b) to reconvey the plant and property to the seller subject to such dispositions as may have been made and such leases as may be outstanding upon 3 months' written notice of its intention, and in the event the option to reconvey is exercised the purchaser shall, upon reconveyance being effected, be released from any and all further responsibility with respect to the property.

7. An arbitration committee shall be appointed for the purpose of settling any controversial questions of fact that may arise in carrying out any of the provisions of this letter of intent. This arbitration committee shall consist of three persons; one to be appointed by each party to this letter of intent and the third to be appointed by the senior judge of the circuit court of appeals for the Ninth Federal Circuit. If either party hereto shall refuse or neglect to appoint an arbitrator within 30 days after the other party shall have appointed an arbitrator and served written notice thereof upon the other party requiring it to appoint an arbitrator, then, upon request to the senior judge of the circuit court of appeals for the Ninth Federal Circuit, said judge shall appoint such arbitrator within a period of 20 days. The finding or an award of a majority of the arbitrators shall be binding upon the parties.

8. It is understood and agreed that seller shall be granted 1 year from and after the date of the execution of this letter of intent, or until the Nevada State Legislature shall meet and enact legislation to permit the Colorado River Commission to sell or dispose of subject facilities, whichever date may first occur, within which to obtain a bona fide purchaser for this entire facility from private industry who will agree to continue the operation of the plant in productive industrial enterprises. In the event seller procures such a purchaser from private industry within the period hereinabove set out purchaser agrees to reconvey same to such purchaser as seller may designate upon 60 days' written notice. The entire electric transmission and distribution systems, the water supply system, and the sewerage disposal system which are covered by that certain letter of intent entered into by and between the War Assets Administration and the Colorado River Commission on September 16, 1947, are hereby excluded specifically from the transfer provided for in this paragraph. In the event this facility is reconveyed to seller within 1 year under the provisions of this paragraph, an accounting shall be made at the time of such reconveyance.

9. At any time after 3 years from the date of the execution of this letter of intent, the arbitration committee, duly appointed as hereinabove set forth in paragraph 7, may meet at the discretion of the seller and determine on an equitable basis the total minimum payment to be made by purchaser under the terms of this agreement, which shall in no event exceed $24,000,000.

10. In the event the revenue produced from the property, whether through sale, lease, or operation, is not adequate to provide sufficient funds for payments to seller as hereinabove set out in paragraphs 5 and 9 and extraordinary maintenance as provided in paragraph 14 for a period of 3 years, seller shall have the right to require reconveyance of the property upon 3 months' written notice to purchaser by the seller.

11. Purchaser shall be obligated to promote and develop sales or leases for the property in good faith at no less than the minimum values to be established and if such values are adhered to seller will approve the disposal. If at any time seller should determine that purchaser is not exercising diligence and reasonable effort in disposing of any of the property, seller shall serve notice to that effect on purchaser and call upon purchaser to appoint an arbitrator to meet with two other arbitrators, as provided in paragraph 7 hereof, who shall constitute an arbitration committee for the purpose of determining if the purchaser has not been promoting disposal of the property in good faith and with diligence. Should this arbitration committee find that the purchaser is unable to fulfill its obligation in this respect, then seller shall have the right to either (a) develop bona fide disposals for any part of the property in line with the minimum value and upon recommendation of such disposal purchaser will consummate the disposal immediately, seller to receive the net proceeds from all disposals after allowable deductions set forth in paragraph No. 5 herein, or (b) seller may require the purchaser to reconvey all the property which has not been sold subject to any outstanding leases.

12. The Munitions Board has placed a portion of this facility under the provisions of the National Security Clause. In the event the Munitions Board does not remove this restriction prior to the date of actual transfer, purchaser hereby agrees to accept this facility subject to all conditions contained therein.

13. On such portions of the property or facilities to which the national security clause is not applicable, the purchaser shall have the right to erect structures or make any improvements it may desire on the property, subject to the approval of seller, and shall have the right to deduct from any rents, revenues, or any moneys received from the lease of such new structures or improvements, (a) interest at the rate of 5 percent per annum on the amount invested on any construction and improvements, and (b) 5 percent per annum of the cost thereof for the amortization of the same with any balance remaining to be considered as a part of the gross rents, revenues, and emoluments from the facility.

14. The purchaser shall establish a fund in the amount of $300,000 for the purpose of providing extraordinary maintenance and other contingencies not covered by existing leases. This fund shall be created by permitting the purchaser to reserve not in excess of $75,000 for any 1 year from the net rents, revenues, and emoluments. Any expenditures made from this fund shall have prior approval of seller and this fund shall become the property of seller in the event of reconveyance.

15. Purchaser shall be required to remit within 45 days after the close of each quarter year the net rents, revenues, and other emoluments received from the property after deduction from such net revenues, one-quarter of the annual amount of the extraordinary maintenance fund as set out in paragraph 14 above, all such remittances to be accompanied by proper accounting statements signed by a duly authorized

representative of purchaser. Should there remain no net rents, revenues, or other emoluments at the close of a quarter after allowable deductions are made, a proper accounting statement to that effect shall be submitted. Purchaser shall further be required to submit to seller within 120 days after the close of each calendar year a statement duly certified by the State auditor of the State of Nevada, or a certified public accountant selected and compensated by the purchaser, and approved by seller, verifying or correcting the accuracy of the quarter-annual statements submitted by the purchaser for such calendar year. In the event that it is found there has been an error in the net revenue paid or due, it shall be adjusted at the time of the next quarter-annual statement.

16. Any sums remaining in operating maintenance funds provided for hereinabove at the time of final settlement will be turned over to the seller along with any other moneys which may be due at that time, provided that the total amount to be paid to seller pursuant to this letter of intent shall not exceed the sum of $24,000,000 as required in paragraph 1 hereof.

17. Purchaser shall be responsible for necessary insurance coverage, taxes, maintenance, and other expenses of this facility from and after the date that purchaser is put into possession of this property. The minimum insurance requirements shall be approved by seller but in any event there shall be ample coverage on all leased portions of the plant and all buildings and facilities essential in its operations.

18. Included at the present time in plant inventories are certain items of machinery, equipment, and spare parts which are not considered to be essential to future operation of subject facility. Title to such items shall be retained in seller and seller shall dispose of and remove such items at its own expense. There are other items of machinery, equipment, and spare parts presently located at subject facility which are considered to be a part of the realty or which may be essential to future use, operation, maintenance, or disposal of the plant. Title to the latter machinery, equipment, and spare parts shall be conveyed to purchaser. Plant site records at the date purchaser is placed in possession of the premises adjusted by mutual agreement as to the surplus items, will be the basis of such conveyance of title to purchaser. Opportunity will be granted to purchaser to verify plant site records but such verification, as well as determination of surplus and transfer of title shall be completed within 6 months from the date of this agreement.

19. The seller shall not warrant, expressly or impliedly, that future use by purchaser or others of any equipment, machinery, or other facilities incorporated in or others of any process to be practiced at said plant, is free from patent infringements or obligations to pay royalties, and does not assume any liability to protect, defend, or save harmless purchaser or others against any claims, demands, or causes of action predicated on such use arising out of any United States patent. Purchaser agrees to hold harmless and defend the Government in any suit under any United States patent directed to the sale of the future use of any equipment, machinery, or other facilities incorporated in or at any processes to be practiced in said plant or for the collection of profits, damages, or royalties arising out of such sale or use. Purchaser assumes and agrees to indemnify the Government against any and all existing obligations (including obligations to pay royalties) affecting the future use, transfer, or resale of the equipment, machinery, or other facility which were entered into expressly or impliedly by seller with the approval or on behalf of Defense Plant Corporation or Reconstruction Finance Corporation.

Seller reserves any secret processes, technical information, and know-how which may have been developed in the operation of subject plant for the production of magnesium, except insofar as purchaser or its nominee might desire to use such secret processes, technical information, and know-how for the production of magnesium at the Basic Magnesium plant located at Henderson, Nev. In the event such secret processes, technical information, and know-how are made available to purchaser for the production of magnesium at captioned facility purchaser agrees not to disclose such secret processes, technical information, and know-how and to impose like obligations on its successors or nominees.

20. A complete list of leases, options to purchase, and all agreements of every kind and character heretofore made by representatives of the United States Government, to other than the purchaser, shall be supplied to purchaser by seller, and such leases and agreements shall be assigned to the purchaser by appropriate assignment agreements effective as of the date of delivery of possession of the premises hereunder; and purchaser agrees to take this Government-owned facility subject to all commitments so listed and assigned.

21. The transfer of this property shall be made subject to the agreement to permit the Bureau of Reclamation of the Department of the Interior to negotiate for the acquisition of the entire transmission system. Such acquisition shall be subject to the provisions of a letter of intent entered into by and between the parties hereto dated September 16, 1947, when letter of intent shall be suspended upon the execution of this agreement. In the event this facility shall be reconveyed to seller prior to termination of the letter of intent dated September 16, 1947, such contract shall be reactivated and remain in full force and effect until the termination date thereof.

22. Six months after the execution of the firm power contracts under which an adequate supply of power will be assured for the operation of this facility, purchaser will submit a concrete plan for advertising sale of this facility. This plan shall be submitted to seller for approval. In the event seller approves the plan submitted, purchaser hereby obligates itself to advertising the facility for sale in accordance with such plan within 4 months from the date of such approval. Failure to comply with this provision shall be cause for termination of this agreement or reconveyance of the property to the seller at its option.

23. Seller shall place purchaser in possession of the premises on a date to be determined mutually by War Assets Administration and purchaser, and the purchaser from after such date shall be responsible for all maintenance and upkeep of the property.

24. It is mutually agreed that seller shall retain the right to keep a representative or representatives on the premises until the full purchase price is paid or for such shorter term as may be determined by seller. Such representative or representatives shall have control over seller's interest in this facility and purchaser shall consult with this representative regarding all matters requiring the approval of seller. Seller shall vest such representative or representatives with adequate authority to make decisions and sign documents at the plant site which will facilitate all actions. Purchaser further agrees to furnish adequate office space together with necessary heating, light and such other usual facilities essential to the operation of an office to seller's representative without cost.

25. Purchaser will obtain at its own expense and affix to the quitclaim deed transferring title such revenues and documentary stamps as may be required by law, and will pay all recording fees incidental to recordation. Seller will make available for purchaser's inspection and use such abstract of title and other title papers as are in its custody, and will cause to be transferred to purchaser whatever title insurance policies seller now has covering the plancor involved, but it is understood that seller will not be obligated to furnish any later or continuation title report, title insurance, or pay for any title expense pertaining to this transaction.

26. Upon the expiration of the present agreement between seller, Southern California Edison Co., and the Department of the Interior, providing for the use by the Southern California Edison Co. of sections G–7 and T–7 located at Hoover Dam and the assumption by Southern California Edison Co. of the generating costs pertaining thereto, seller will transfer to purchaser, on a mutually agreeable basis, whatever rights seller may have to the use of said electrical equipment.

27. Purchaser warrants that it has not employed any person to solicit or secure this sale upon any agreement for a commission, percentage brokerage or contingent fee.

28. Purchaser agrees that in the performance of the terms of this sale that it will comply with and give all stipulations and representations required by applicable Federal laws, and that it will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin.

29. No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this sale or to any benefit that may arise therefrom.

30. It is understood and agreed that when and if you accept and approve this letter of intent, a formal contract, in accordance with the provisions hereof, will be drawn and executed as promptly as possible.

31. This letter of intent is executed in quadruplicate and it is requested that you indicate your acceptance hereon by having the chairman and secretary of the Colorado River Commission execute and return to this Administration three counterparts hereof.

Sincerely yours,

COLORADO RIVER COMMISSION.

Requested loan for housing repair

A request has recently been received by the War Assets Administration from the Colorado River Commission of Nevada for an advance or a loan of $35,000 for deferred maintenance on the Henderson housing project "to be repaid from the first net proceeds from the operation of the project." The amount is to be added to the maximum purchase price of $24,000,000, making the total maximum amount of $24,035,000.

The War Assets Administration reports informally that apparently the request can be granted under certain conditions, but if such a request were repeated it might result in tighter control of the operation of the plant by the Commission.

The matter of operation and maintenance was covered in at least 2 of the 31 paragraphs in the letter of intent. Paragraph 6 provides that "In the event the revenue produced from the property through sale, lease, or operation does not provide sufficient funds for the proper upkeep and maintenance of the property, the purchaser shall have the right and option at any time to (a) supply the deficiency in the amount necessary for upkeep and maintenance from its own funds, or (b) to reconvey the plant and property to the seller subject to such dispositions as may have been made and such leases as may be outstanding upon 3 months' written notice of its intention."

Section 10 further provides that "In the event the revenue produced from the property, whether through sale, lease, or operation, is not adequate to provide sufficient funds for payments to seller as hereinabove set out in paragraph 14 for a period of 3 years,

seller shall have the right to require reconveyance of the property upon 3 months' written notice to purchaser by the seller."

POWER WITHDRAWAL BY THE NEVADA-COLORADO COMMISSION FOR USE WITHIN THE STATE OF NEVADA

The following correspondence in relation to the further withdrawal of Nevada's allocation of power generated at Hoover (Boulder) Dam; and is in line with the recommendations of the Special Subcommittee of the Committee to Investigate the National Defense Program:

DEPARTMENT OF WATER AND POWER,
Los Angeles, July 2, 1948.

Hon. JULIUS A. KRUG,
Secretary of the Interior,
Washington, D. C.

DEAR MR. KRUG: Under date of May 6, 1948, the State of Nevada, acting through its Colorado River Commission, notified the city of Los Angeles and this department as an operating agency at Hoover Dam power plant that the State would require for its use at the power plant on June 1, 1951, 82,500 kilovolt-amperes additional generating capacity. This notice was given pursuant to article 17 (1) of the contract for the operation of Boulder power plant, dated May 29, 1941. Nevada's requirement in this regard, as stated in the notice, has been transmitted to the director of power at Boulder City, Nev.

To meet this requirement the State of Nevada stated in the notice its willingness to take over the obligations incident to sections G–7 and T–7 at the power plant if that section is made available for its use on June 1, 1951, when the present arrangement with Southern California Edison Co., relative to the use of the sections, terminates. Nevada's offer to take over the obligations connected with sections G–7 and T–7 is subject to there being effected certain changes in the rights and obligations of the Metropolitan water district of southern California related to the sections. The district has informed Nevada that it will acquiesce in the desired changes.

This department, pursuant to its duties as operating agent for the United States at the Hoover Dam power plant, recommends and requests that as early as is appropriate you make arrangements for the use, commencing June 1, 1951, of these sections for Nevada, such use being subject, of course, to the rights of the Metropolitan water district of southern California.

Although War Assets Administration, as the successor to Defense Plant Corporation, is primarily responsible for sections G–7 and T–7, and should be a party to the negotiations for their use, this recommendation and request is addressed to you as the one having the authority to arrange for such use.

Respectfully,

SAMUEL B. MORRIS,
General Manager and Chief Engineer.

DEPARTMENT OF THE INTERIOR,
Washington, D. C., July 26, 1948.

Mr. SAMUEL B. MORRIS,
General Manager and Chief Engineer
Department of Water and Power,
Los Angeles, Calif.

MY DEAR MR. MORRIS: This will acknowledge receipt of your letter of July 2, relative to effectuating changes in the use of sections G–7 and T–7 in the Hoover Dam power plant looking toward the use of these sections for Nevada, commencing June 1, 1951.

Negotiations to effectuate the necessary arrangements with regard to these sections will be conducted by Regional Director Moritz, with the assistance of Regional Counsel Coffey. As you suggest, the War Assets Administration will be a party to these negotiations.

Sincerely yours,

WILLIAM E. WARNE,
Assistant Secretary of the Interior.

DEPARTMENT OF THE INTERIOR,
Washington, July 26, 1948.

Hon. JESS LARSON,
Administrator, War Assets
Administration.

MY DEAR MR. LARSON: In connection with the use of sections G–7 and T–7 in the Hoover Dam power plant, I enclose for your information a copy of a letter dated July 2, 1948, from Mr. Samuel B. Morris, General Manager and Chief Engineer, Department of Water and Power of the city of Los Angeles, together with a copy of this Department's reply thereto.

Sincerely yours,

WILLIAM E. WARNE,
Assistant Secretary of the Interior.

Mr. MALONE. Mr. President, I expect to follow through and keep the Senate of the United States and my own State of Nevada advised of the progress of this program.

STATEMENT ON THE CURRENT STATUS OF WATER DIVISION AND COMPACTS IN THE SEVEN STATES OF THE COLORADO RIVER BASIN, INCLUDING A DEFINITION OF THE TERMS LOWER AND UPPER BASINS, LOWER AND UPPER DIVISIONS, COLORADO RIVER COMPACT, AND THE BOULDER DAM PROJECT ACT IN SUPPORT OF SENATE JOINT RESOLUTION NO. 145, INTRODUCED TO FACILITATE THE CONTINUED DEVELOPMENT AND BENEFICIAL USE OF THE WATER AND POWER OF THE COLORADO RIVER SYSTEM

Mr. MALONE. Mr. President, in view of the pending legislation for the continued development of the Colorado River Basin States through the development and beneficial use of the waters of that great river system, and my extreme interest in such continued development dating back to the introduction of the Swing-Johnson bill later—1928—to become the Boulder Dam Project Act, I am prompted to request unanimous consent to insert in the RECORD at this point my statement made before the Subcommittee on Irrigation and Reclamation of the Committee on Interior and Insular Affairs. The statement was made in connection with Senate Joint Resolution No. 145, which was introduced to facilitate such development.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF THE HONORABLE GEORGE W. MALONE, UNITED STATES SENATOR FROM THE STATE OF NEVADA, ON COLORADO RIVER DEVELOPMENT, SENATE JOINT RESOLUTION NO. 145

Senator MALONE. Mr. Chairman, I will make my statement brief since I am chairman of the Subcommittee on Flood Control, Rivers and Harbors, Dams, and Electric Power of the Public Works Committee and must return to that meeting.

Mr. Chairman, I intend to show, in support of Senate Joint Resolution 145 in which I joined, that no State of the seven States in the Colorado River Basin, including my own State of Nevada, has a definite allocation of water under the existing conditions.

COLORADO RIVER COMPACT

The Colorado River Compact divides the water of the Colorado River System between the upper and lower basins. This compact was approved by six of the States of the basin in accordance with the provisions of the Boulder Dam Project Act before the construction of a dam could be started. I will present the evidence upon which I concluded that an agreement between the lower basin States on the division of the water allocated to that basin is impossible. Therefore, the only logical remaining method would be through a court of competent jurisdiction.

The statement made by Senator HAYDEN, of Arizona, is a very fair outline of all of the history of the project that he has reviewed. I have not read the brief by Senator MCFARLAND, but I assume it outlines all of those things which were done by the commissions and the Members of the Congress of the United States during the hectic days of 1927 to 1928 when the Boulder Dam project was finally passed and marked the first major development on the Colorado River System.

Many of the things, however, that we would probably each recall are subject to interpretation. Each State, at the time I first attended the Commission meetings early in 1927, had its own water and power set-up, including their own engineers; and it soon became apparent that there was no way of getting anything done except to go along with the compact and amend the then Swing-Johnson bill to treat the interested States fairly in the division of the water and power benefits from the project. I, therefore, as secretary of the Colorado River Commission for Nevada, directed all of my efforts, with the power of the State of Nevada behind me, to that end.

AGREEMENTS

Mr. Chairman, it will be found as you delve into this matter that not only is it impossible to make new agreements, but the old agreements already made, including the interpretation of the original Colorado River Compact will be questioned and, no doubt, submitted to the court many times in the future for interpretation.

At that time I was State engineer of Nevada, engineer member of the Public Service Commission, and Secretary of the Colorado River Commission. We found immediately that the original bill did not provide any benefits from the project for the States of Arizona and Nevada where the project was located, that it was simply a power development and water storage on the Colorado River for the sole benefit of California.

Mr. Chairman, it has been evident to me since the first water meeting I attended in Los Angeles, Calif., early in 1927, before I became a member of the Nevada-Colorado River Commission, that the lower basin States would never agree upon a division of the waters of the Colorado River.

The reason was perfectly obvious; there was more land than water, and that the limit of any State's development is the limit of that State's water supply.

I do not want to see any State injured through any action of the Federal Government, and certainly not by any action of mine. Therefore, since an agreement is very unlikely, an adjudication by a court of competent authority seemed the only way.

ORIGINAL CONFERENCES

I want to mention in particular some men that were in this fight from the beginning. One was in your own State, Mr. Chairman—Mr. Delph Carpenter. Mr. Carpenter wrote the Colorado River compact I was informed on the best of evidence at Santa Fe, N. Mex., in 1922, with Herbert Hoover as chairman of the Seven Basin States Organization. It was the first real organized attempt to develop the Colorado River through a division of the water through a compact signed by a representative of each State on November 24, 1922.

I have often chided Delph Carpenter about the compact, that no one could understand it, therefore he was probably going to get it adopted. I personally felt that as long as no State was discriminated against in the matter of water division and the benefits from the power development, which was the

purpose of the nine amendments that I offered at that time, that we would get the first step in the development of the river. Then the rest would be growing pains; and I think, Mr. Chairman, that that is exactly where we are now. We anticipated these growing pains, and the next step must be taken just as carefully as the first step, which was the development at Boulder Dam, now known as Hoover Dam. Each step must be just as carefully worked out so that no State will be injured without its day in court.

In the beginning, the men on the committee included Senators McNary, of Oregon, Thomas, of Idaho, Johnson and Shortridge, of California, and Kendrick, of Wyoming, as well as Pittman and Oddie, from my own State of Nevada; Dill, of Washington, and Henry Ashurst, of Arizona, were on the then Irrigation and Reclamation Committee of the Senate (now the Committee on Interior and Insular Affairs). These men wanted to start the development of the Colorado River. Over in the House was Leatherwood, of Utah, Arentz, of Nevada, Morrow, of New Mexico, Lewis Douglas, of Arizona, and White, of Idaho. They are all men who have gone on other jobs or have since died, but they did do this initial job and, Mr. Chairman, it was a good job. Senator HAYDEN is the only Member of the United States Senate who was a member of this body and this committee on January 20, 1928, when I first appeared before it on behalf of the Boulder Dam development.

SENATE DOCUMENT NO. 186, SEVENTIETH CONGRESS, SECOND SESSION, COLORADO RIVER DEVELOPMENT

There is one thing that I would like to clear up for the benefit of the committee, and I am sure that everyone knows it, if they would review the Colorado River compact. There are five States in the lower basin—not three—and, by the way, this Senate document to which I refer was prepared by me in 1927. It was then printed as a Senate document in 1928. It is called Senate Document No. 186, Seventieth Congress, second session. It is still used as a reference work by many of the commissions. I did not prepare it alone. The State engineers of the other six States in the basin assisted me in the work through acting as consultants, as well as the Bureau of Reclamation engineers.

Senator MILLIKIN. What is this document now that you are talking about, Senator?

Senator MALONE. Colorado River Development, Senate Document No. 186, Seventieth Congress, second session. On page 31 of that document, you will find the definition of the upper and lower divisions and of the upper and lower basins. Much has been said about upper and lower basins and I think an explanation would be helpful. The Colorado River Basin is a seven-State affair, and the term "upper division" means the States of Colorado, New Mexico, Utah, and Wyoming. The "lower division" means the States of Arizona, California, and Nevada. Lees Ferry is the dividing point between the divisions.

"The term 'upper basin'"—and this is where a misunderstanding exists—"means those parts of the States of Arizona, Colorado, and New Mexico and Utah and Wyoming"—you see, Utah and New Mexico come into the upper basin—"within and from which waters naturally drain into the Colorado River system above Lees Ferry."

BASINS AND DIVISIONS

The first is an arbitrary division and the next is a drainage division. The lower basin then, instead of only meaning just the States of Arizona, California, and Nevada, means those parts of the States of Arizona, California, Nevada, New Mexico, and Utah within and from which waters naturally drain into the Colorado River system below Lees Ferry. So, there are five States interested in the division of the waters of the lower basin, instead of only three States, which further complicates this situation and, as a matter of fact, the advance consent given by the United States Senate in the Boulder Dam project for a water-division treaty could not be binding upon all of the States of the lower basin even if it had been agreed upon and ratified by the States of Arizona, California, and Nevada, since Utah and New Mexico were excluded.

International water obligations

We all are familiar with the compact. It is provided that out of that upper basin States, the 7,500,000 acre-feet and the lower basin States 7,500,000 acre-feet, and the additional 1,000,000 acre-feet come the international water obligations. They were determined by treaty as coming out of the waters of both basins equally, after certain surplus water allocated to the lower basin may be exhausted.

To pass the Swing-Johnson bill at that time it was necessary to have a six-State ratification paragraph put in it, because, as CARL HAYDEN has just said, Arizona did not until much later ratify the seven-State compact. There has never been, I want specifically to point out, a lower-basin agreement in accordance with the approval (advance) of the Water Division, in the Boulder Dam Project Act, found on page 9 of this Senate document. There was an advance approval by the United States Senate for the States of Arizona, California, and Nevada to enter into an agreement dividing the 7,500,000 acre-feet annually apportioned to the upper basin—paragraph (a) of article III of the Colorado River compact plus certain surplus water, but the States never agreed so the provision remained ineffective.

THE ADVANCE APPROVAL—INTERSTATE COMPACT—NEVER RATIFIED

"There shall be apportioned to the State of Nevada 300,000 acre-feet and to the State of Arizona 2,800,000 acre-feet for exclusive beneficial consumptive use in perpetuity, and (2) that the State of Arizona may annually use one-half of the excess or surplus waters unapportioned by the Colorado River compact, and (3) that the State of Arizona shall have the exclusive beneficial consumptive use of the Gila River and its tributaries within the boundaries of said State, and (4) that the waters of the Gila River and its tributaries, except return flow after the same enters the Colorado River, shall never be subject to any diminution whatever by any allowance of water which may be made by treaty or otherwise to the United States of Mexico but if, as provided in paragraph (c) of article III of the Colorado River compact, it shall become necessary to supply water to the United States of Mexico from waters over and above the quantities which are surplus as defined by said compact, then the State of California shall and will mutually agree with the State of Arizona to supply, out of the main stream of the Colorado River, one-half of any deficiency which must be supplied to Mexico by the lower basin, and (5) that the State of California shall and will further mutually agree with the States of Arizona and Nevada that none of said three States shall withhold water and none shall require the delivery of water, which cannot reasonably be applied to domestic and agricultural uses, and (6) that all of the provisions of said tri-State agreement shall be subject in all particulars to the provisions of the Colorado River compact, and (7) said agreement to take effect upon the ratification of the Colorado River compact by Arizona, California, and Nevada."

I will call the chairman's attention to the fact that New Mexico and Utah are left out of this provision, and there never was such a compact entered into even by the States of Arizona, California, and Nevada; so naturally the provision in the act is null and void, since no action was ever taken by such States.

I will not read the remainder of the agreement but simply cite it for reference. I do not think it is necessary to put anything further in the record on that subject, since it has never been ratified, and is not effective.

I want to call attention further that the two basins are in the same situation, that is to say, while the water is divided between the upper and lower basins by the compact, and also the upper and lower divisions, that there has never been any division or allocation of the water between the lower basin States which include five States, and as between the upper basin States, which include four States, and until such a division is made by the consent of the States concerned, then it is my conclusion that no State, including my own State of Nevada, could say that it really had any specific amount of water.

On page 36 of this document, under an explanation by Delph E. Carpenter, of Colorado, appears a review of the Colorado River compact. Delph Carpenter was well and favorably known among the old-timers, and perhaps not by the more recent participants because he has been practically paralyzed for the last 15 years. However, he was one of the most brilliant men that I ever had the opportunity of knowing. In his explanation or review of the Colorado River compact, he says that provision was made that all future controversy between two or more States of each group are specifically reserved for separate consideration and adjustment by separate commissions or by direct legislation, whenever such questions may arise, if they ever do. Also, appropriations of water are covered.

COLORADO RIVER COMPACT AND APPROPRIATIONS

The West is very careful about anything that affects appropriations of water. Present perfected appropriations of water are not disturbed, but such rights take their water from the apportionment to the basin in which they are located. In other words, if California or Arizona and Nevada claimed that they had used water and it was theirs by appropriation, it would come out of the lower basin water and the upper basin States would not be affected.

On page 38 there is provision for future apportionment of water. In the "Disposition of the waters of the Colorado River under the Colorado River compact", by Delph E. Carpenter, as found on page 38 of the same document, we have this provision; it is a very learned explanation of the entire document, but sufficient for this testimony I cite a paragraph on the first page:

"The Colorado River compact allocates 16,000,000 acre-feet to uses in the United States and sufficient for the international burden, whatever it may be, and then sets apart the unallocated surplus for future apportionment by the States after 40 years."

The 16,000,000 acre-feet adds up to seven and one-half million allocated to the upper basin, the four upper basin States, and seven and one-half million to the lower basin States, the five States that I mentioned, and not the three, and then 1,000,000 acre-feet in addition to the lower basin if it is available. If there is additional water, it would be called unallocated surplus and would not be under the compact apportioned until after 40 years.

"In other words, the compact specifically allocates 16,000,000 acre-feet plus the international burden, as designated burdens upon the whole supply of the river and then dedicates the unallocated surplus to future apportionment between all seven of the States, Of the 16,000,000 aggregate 7,500,000 plus 1,000,000 acre-feet per annum (beneficial consumptive use) is permanently allocated to the lower basin. These permanent allocations include all water necessary to supply all present appropriations, wherever the same may be and whether from the main stream or from the Green, the Gila, or any other tributary."

Now, Mr. Chairman, that is not my language. It is the language of the man who wrote the compact and whom I consider one of the most brilliant attorneys in the United States, certainly on water matters. That is his explanation of the compact, which he himself wrote and which the representatives of the seven States of the basin signed at that time, and which was later to become a highly controversial matter. Finally, the Boulder Dam Project Act was passed based on the approval of the six States of the basin, as already outlined.

DELPH E. CARPENTER—COLORADO

Total water available in the entire basin for apportionment, out of which would come this unallocated surplus and the water for any international treaty, is estimated in the beginning on page 38 on the "Disposition of the waters of the Colorado under the Colorado River compact," by Delph E. Carpenter, the water is supplied, reading from his explanation:

"The river is supplied by its tributaries from the Green to the Gila. Without tributaries there would be no river.

"The water supply of the river consists of all water which of nature and undisturbed by works of man would pass Yuma, the point below the last tributary. It is impossible to tell the exact amount of this total supply in any year, owing to interference by diversions, but it has been estimated at from 20,000,000 to 24,000,000 acre-feet average.

"This aggregate natural water supply may be divided into (1) that part entering the river above Lees Ferry and contributed by those streams which drain the upper basin; and (2) that part entering the stream between Lees Ferry and Yuma and contributed by streams which drain the lower basin."

You see, he again emphasizes that basins mean drainage, and drainage above Lees Ferry is the upper basin and the lower basin means that area draining to the river below Lees Ferry. Divisions mean an arbitrary division of the four States above Lees Ferry and the three States below Lees Ferry.

Any subsidiary compact of the lower basin would be, according to Mr. Carpenter, "the water available to the lower basin, water there originating and Lees Ferry delivery, is to be used in the lower basin to care for the lower-basin allocation, 8,500,000 acre-feet, and the entire international burden, unless there is a deficiency for international supply, in which case the waters allocated to each basin are to be called upon to the extent of one-half of the deficiency."

Mr. Carpenter says:

"The States of the lower basin should enter into a subsidiary compact making (1) local allocation of the aggregate 8,500,000 acre-feet (out of the whole river supply) allocated to the lower basin by the compact; (2) provision for supplying the entire international burden, if, when, and for the amount by treaty determined; and (3) disposition of the unallocated surplus pending and subject to future allocation between the seven States. They should also make provision for temporary use of allocated water escaping from the upper basin, without prejudice to the rights of the upper basin."

That is the five lower-basin States.

INDUSTRIAL ENCYCLOPEDIA—11 WESTERN STATES

Mr. Chairman, in order to save the time of the committee, I also prepared—and it seems I have a habit of preparing reports for reference over the past 20 years—what is called an Industrial Encyclopedia of the 11 Western States. That was edited and published in 1944; the data included in it, however, is up to 1943. I would like, in order to make available the included reference work on the Colorado River, to make a part of the record beginning in 1922, "November 24, Colorado River compact, executed at Santa Fe, N. Mex., Herbert C. Hoover, then Secretary of Commerce, acted as chairman of the Seven Colorado River Basin States Conference." It enumerates from that date the Colorado River development events up until 1944.

Senator MILLIKIN. Will you make clear to the reporter exactly what you want put in there, and it will be put in.

Senator MALONE. Yes; I will.

(It is as follows:)

"1922: November 24, Colorado River compact, executed at Santa Fe, N. Mex.; Herbert C. Hoover, then Secretary of Commerce, acted as chairman of the Seven Colorado River Basin States Conference.

"1923: C. H. Birdseye and United States Geological Survey party survey canyons.

"1924: Weymouth report rendered in eight manuscript volumes.

"1924: Second Boulder Dam bill (Swing-Johnson) introduced in Congress.

"1924: Cosby report on Colorado River issued.

"1925: The State of Nevada, by legislative act, March 18, 1925, approved the Colorado River six-State compact.

"1925-26: December 21, third Swing-Johnson bill introduced in Congress, H. R. 6251. Identical bill, S. 1868, was introduced by Senator JOHNSON in the Senate about this date. H. R. 6251 was replaced February 27, 1926. These two bills are referred to as the third Swing-Johnson bill.

"1927: Special advisers made report to the Secretary of the Interior.

"1927: Conference of lower division States—Arizona, California, and Nevada—at Los Angeles attended by the Colorado River commissions of the three States (new Nevada Colorado River Commission).

"1927: Conference of Governors on Colorado River.

"1928. Fourth Boulder Dam bill—Boulder Canyon Project Act (Swing-Johnson bill) introduced in both Houses of Congress.

"1928: January 20, GEORGE W. MALONE, report and testimony before the Irrigation and Reclamation Committee of the United States Senate, title of the report, 'Boulder Canyon Lower Colorado River Power and Water Set-up,' Nevada Colorado River Commission. The report and the testimony recommended that nine amendments be made to the then pending Swing-Johnson bill.

"1928: Senate Document No. 186, Colorado River Development, December 11, Seventieth Congress, second session, by GEORGE W. MALONE, State engineer of Nevada.

"1928: The fourth Swing-Johnson bill was passed by the Senate December 14, by the House December 18, including eight of the nine amendments proposed by the Nevada Colorado River Commission, and approved and signed by President Coolidge, December 21.

"1929: The State of Utah signed the Colorado River Compact.

"1929: President Hoover issued proclamation declaring six-State ratification of Colorado River Compact in effect and declaring Boulder Canyon Project Act effective this date, June 25, 1929.

"1929: July 5, 1929, Nevada submitted bid for all of the power to be produced from Boulder Dam, together with a use curve showing ultimate use for 483,000 horsepower for mining, agriculture, and electrochemical products to support the State's request for a withdrawal provision for power to use in the State. The withdrawal provision was later inserted in the power contracts and the bid was withdrawn.

"1929-30: Biennial report—State engineer of Nevada—covering developments to date including legislation and amendments to the original Swing-Johnson bill.

"1930: Contract signed by Secretary Wilbur with Metropolitan Water District of Southern California for delivery of water April 24. Contract signed by Secretary Wilbur with Metropolitan Water District of Southern California for electrical energy April 26, amended May 31, providing withdrawal of power by Arizona and Nevada to extent of 36 percent, in accordance with the amendments to the Swing-Johnson bill proposed by the Colorado River Commission of Nevada.

"1930: Contract signed by Secretary Wilbur with city of Los Angeles and Southern California Edison Co. for electrical energy April 26, amended May 28, and Department of Water and Power of City of Los Angeles, made party to contract in addition to city of Los Angeles, providing for the withdrawal of power for use within the States of Arizona and Nevada in accordance with amendments to the Swing-Johnson bill finally known as the Boulder Canyon Project Act.

"1930: Second deficiency appropriation bill appropriating $10,660,000 to start Boulder Dam work passed by House and Senate July 3.

"1930: July 7, 1930, the Secretary of the Interior, Ray Lyman Wilbur, issued an official order to Dr. Elwood Mead, Commissioner of Reclamation, to 'start work on Boulder Dam today.'

"1930: Secretary Wilbur drives first spike starting railroad and construction of Boulder Dam at Las Vegas, Nev., September 17, and issues order that dam be called Hoover Dam.

"1931: $15,000,000 appropriated by Congress for construction of dam.

"1931: Bureau of Reclamation opens bids for construction of Boulder Dam and powerhouse March 4 and awards contract to Six Companies, Inc., which starts work March 11.

"1932: $23,000,000 appropriated for continuing construction of dam.

"1932: The engineers divert the river, November 14.

"1933: $46,000,000 appropriated for construction of dam.

"1933: Secretary of Interior, Harold L. Ickes, announced that the name of the dam would again be Boulder Dam. Start concrete pouring in dam. Diversion tunnels, coffer dams, excavation for the dam completed.

"1934: Penstock tunnels completed; installation of 30-foot diameter outlet pipes started.

"1935: January—Conference of the seven States of the basin, Wyoming, Colorado, New Mexico, Utah, Nevada, Arizona, and California. The conference was held at Phoenix, Ariz., on a further division of water from the Colorado River. Arizona has never signed the Seven-State Compact and now wants to secure a contract for water.

"1935: Complete pouring concrete in dam February and start storing water.

"1935: February—Report of the Colorado River Commission of Nevada; 'Including a study of proposed uses of power and water from Boulder Dam,' 1927 to 1935.

"1935: Boulder Dam starts to impound water in Lake Mead February 1.

"1935: Last concrete placed in dam May 29.

"1935: President Franklin D. Roosevelt dedicates the dam September 30.

"1936: First generator goes into full operation October 22.

"1936: Second generator goes into operation November 14.

"1936: Third generator goes into operation December 28.

"1937: Two more generators go into operation March 18 and August 16.

"1938: Storage reaches 24,000,000 acre-feet and Lake Mead stretches 115 miles upstream.

"1938: Two more generators go into operation June 26 and August 31; total 7.

"1939: Storage reaches 25,000,000 acre-feet, more than 8,000 billion gallons.

"1939: Two more generators, June 19 and September 12; total 9. Installed capacity reaches 700,000 kilowatts, making Boulder's hydroelectric power plant the largest in the world.

"1940: Boulder Canyon Adjustment Act, providing for the acceptance of $300,000 an-

nually to each of the States of Arizona and Nevada in lieu of the 37½ percent provided for in the Boulder Canyon Project Act, and eliminating the periodical readjustment of the sale price of power.

"1940: Three more generators ordered.

"1940: All-American canal placed in operation.

"1940: Metropolitan water district's Colorado River aqueduct successfully tested.

"1941: One additional generator began operating in October.

"1942: Two more generators began operating in August and December.

"1942: Basic Magnesium, largest magnesium plant in the world, began taking power from Boulder Dam and water from Lake Mead.

"1943: Rated capacity of power plant of 952,300 kilowatts operated at overload in June to produce more than 1,000,000 kilowatts.

"1943: Basic Magnesium takes more than 100,000,000 kilowatt-hours in June.

"1943: Industrial service report—11 Western States, August, by the Industrial West Foundation, GEORGE W. MALONE, managing director.

"1944: Additional generator scheduled for operation in October."

Senator MALONE. To make clear my next point and to show the highly controversial nature of the Boulder Dam legislation as introduced under the Swing-Johnson bill as early as 1923, and finally passed and called the Boulder Dam Project Act late in 1928, as explained by Senator HAYDEN, I would like to make a part of the record excerpts from the 1929-30 biennial report of the State engineer of Nevada. This simply shows the recommendations that were made for amendments to the pending Swing-Johnson bill and those accepted at the time, and has a direct bearing on the next point I am about to make, ending on page 87 and beginning on page 86.

Senator MILLIKIN. Again, you will make that clear to the reporter?

Senator MALONE. Yes.

(It is as follows:)

"The Boulder Dam Project Act as finally passed, including the power contracts, provides revenue for Arizona and Nevada in lieu of taxes and power to use for the development of the States. According to the Secretary of the Interior the revenue derived will amount to over $700,000 to each State annually after the completion of the project, and each State can withdraw, if, as, and when wanted, up to 117,000 firm horsepower of the electrical energy for use in the State, paying cost at the switchboard when so withdrawn. It is thought that the use of this power will increase the taxable wealth of the State several millions of dollars.

"When the State (GEORGE W. MALONE, State engineer and Colorado River commissioner) administration took over the work of the Colorado River Commission early in 1927 the then pending Swing-Johnson bill, proposing to construct the Boulder Dam on the Colorado River, did not provide any revenue for the States of Arizona and Nevada, nor power from the project to develop those States, but did provide that the All-American Canal in Imperial Valley, costing $38,500,000 should be paid for by revenue from the power from the project in addition to the dam and power plant. Provision was later made for the lands benefited to underwrite the cost of the project. (One of the amendments to the Swing-Johnson bill—later the Boulder Dam Project Act—offered by GEORGE W. MALONE).

"By unanimous action of the Commission, early in 1927 it was agreed to make a thorough study of the Colorado River set-up, employing such assistance as found advisable, to determine the exact position the State should take relative to the pending legislation for the development of that river, so that our position would be found to be fair to all concerned and supported by the facts.

"SAN FRANCISCO POWER CONFERENCE—GEORGE W. MALONE, CHAIRMAN

"Accordingly a conference was called for the three lower basin States, Arizona, California, and Nevada, in San Francisco, November 19 to December 16, 1927, at which time the power angle of the undertaking was thoroughly reviewed and a report subsequently issued for Nevada (by the State engineer of Nevada, chairman of the conference) definitely determining the effect of such development and making certain definite (9) recommendations for the protection of our State and to aid the legislation by gaining the support, insofar as possible, of the upper basin States. The State engineer acted as chairman of that conference.

"The conference, in addition to the members of the Colorado River Commission of the three lower States, included such outstanding power experts as H. W. Crozier, consulting electrical engineer, employed by our Commission; E. S. Scattergood, chief engineer of the Los Angeles Bureau of Power and Light, and L. S. Ready, former engineer for the California Railroad Commission, employed by Los Angeles; Charles Cragin, chief engineer of the Salt River project, Arizona, and B. F. Jacobsen, consulting engineer of Los Angeles, employed by Arizona.

"From the results of this conference a report was made, January 1, 1928, by the Nevada Colorado River Commission, known as the Boulder Canyon lower Colorado River power and water set-up, and from the conclusions drawn from this report nine definite recommendations were made, all calculated to distribute the benefits from the project among the interested States in an equitable manner.

"NINE RECOMMENDATIONS TO THE THEN PENDING SWING-JOHNSON BILL

"On January 20, 1928, the State engineer of Nevada (GEORGE W. MALONE) appeared before the United States Senate Committee on Reclamation and Irrigation and presented a statement made up from this report, including the nine recommendations, viz:

"1. That Nevada and Arizona should benefit from the proposed development, at least to the extent that she would benefit if developed by private capital, second only to Government payments and any reasonable reserve.

"2. That the power be not sold as low as the repayments to the Government will permit, but should be sold at a competitive figure comparable with the cost of power available elsewhere for these markets.

"3. That arrangements be made for the sale of the power so that fair offers may be had, and that legitimate bidders be not handicapped.

"4. That suitable readjustment periods be arranged for the power charges per kilowatt-hour and also for the proper charges for other service rendered.

"5. That proper charges be made for other service rendered flood control, silt control, irrigation-water storage and domestic-water storage.

"6. That the States shall have the right to withdraw, upon proper notice, certain blocks of power to be used within their own States.

"7. That a board be arranged for, from the three lower States, to assist the Secretary of the Interior, or any agency supervising the sale of the power and other service rendered, in an advisory capacity to fix the proper charges per kilowatt-hour for power and proper charges for other service rendered.

"8. That an attempt be made to equalize in some manner among the three States the benefits of reclamation financing.

"9. That after the Government advancement is entirely repaid the benefits from this development accrue to the States.

"The State engineer was then cross-examined at length by members of the Senate committee, which testimony appears in full in the hearings before the Committee on Irrigation and Reclamation, United States Senate, Seventieth Congress, first session, on S. 728 and S. 1274. (January 20, 1928.)

"Senate Document No. 186 (70th Cong., 1st sess.), Colorado River Development, containing 200 pages and 67 maps and illustrations, was prepared by the Nevada State engineer to make available to our Senators and Congressmen complete information for use in the congressional fight. This report was subsequently printed by the Government as a Senate document and was widely distributed as the official document on the Colorado River development.

"EIGHT RECOMMENDATIONS ACCEPTED

"When the Swing-Johnson bill was finally reported out of the Senate committee, and including the amendments on the floor of the Senate, eight of the nine recommendations were included in the legislation as finally passed and called the Boulder Dam Project Act, and, together with the power contracts made by the Secretary of the Interior in conformance with the act, as amended, provide:

"1. That 37½ percent of all the money the project makes above the payments due the Government each year after construction is finished is to be paid to Arizona and Nevada. The Secretary of the Interior has announced that those payments will amount to over $700,000 per year to each of the States. (Would at this time—1948—have amounted to more than $1,500,000 annually to each State if the 1940 Adjustment Act had not been passed.)

"2. That the power be sold at a competitive price.

"3. That the Federal Water Power Act be made a part of the act insofar as determining between conflicting bidders is concerned, so that any agency may bid for the power (priority to States and municipalities).

"4. That there shall be a readjustment of the charges for power after the first 15 years from the date of signing the contracts and every 10 years thereafter, either up or down, as the competitive price may indicate.

"5. That a charge be made for domestic water in Los Angeles and other southern California cities. (No charge was included in the original act.)

"6. That the States shall have the right to withdraw, upon certain notice, 18 percent or 117,000 firm horsepower each for use in the States (now approximately 140,000 kilowatts). This power can be withdrawn and turned back when not needed and withdrawn again as often as necessary by giving such notice and paying the cost at the switchboard when used.

"7. That an advisory board to assist the Secretary in the construction, management, and operation of the project, consisting of one duly authorized Commissioner from each of the seven States, may act in an advisory capacity with the Secretary of the Interior. (GEORGE W. MALONE was appointed by the Secretary for the State of Nevada.)

"8. That the All-American canal, costing $38,500,000, shall be underwritten by the lands benefited and not be paid for by the power from the dam. (This increases the revenue of the States, and investigations shall be made by the Government in Arizona, Nevada, and the upper basin States to determine feasible irrigation projects for development.)

"Recommendation No. 9, providing for turning the project over to the States when the cost to the Government has been repaid was not included in the act. It was said that while that policy had been adopted in the case of irrigation districts it would be 50 years before the Government would be repaid, and during that time a general policy toward this type of project would be adopted.

"In connection with the Nevada amendments, we quote, in part, from a dispatch

from Washington over Universal Service, which appeared in the Los Angeles Examiner of September 19, 1930, viz:

"'The outstanding features of these amendments were the provision for revenue for Arizona and Nevada from the project in lieu of taxes after its completion, and the privilege of withdrawing power at cost at the switchboard for use in those States when needed. The original Swing-Johnson bill did not provide either revenue or power for the States of Arizona and Nevada, wherein the project is located, and this fact formed the basis for objection to the project.

"'At a hearing of the United States Senate Committee on Reclamation and Irrigation held in Washington, January 20, 1928, GEORGE W. MALONE, secretary of the Nevada Colorado River Commission, made nine recommendations for changes in the bill as offered, all those recommendations being calculated to distribute the benefits of the project among the interested States.

"'Eight of these recommendations were included in the Boulder Dam Project Act as finally passed and, as a result, Arizona and Nevada each will receive, according to the Secretary of the Interior, a revenue of over $700,000 annually after the project is completed. In addition, through these amendments, Arizona and Nevada will be allowed to withdraw such amounts of power as they may need within their States up to 117,000 firm horsepower, paying cost at the switchboard for its use.'"

BOULDER DAM ADJUSTMENT ACT, 1940

Senator MALONE. Before I make my next point, and the last one, there was what was called the Boulder Canyon Adjustment Act of 1940, with which I think the Chairman is familiar, since it was agreed to by the seven States. To save the time of the committee, I would like to have the explanation of that amendment, which it really was, an amendment to the Boulder Dam Project Act, called the Boulder Canyon Adjustment Act of 1940, incorporated in the record, beginning with the heading "Precedent" on page 88, and ending on page 90, as marked.

Senator MILLIKIN. Do you want the tables in there?

Senator MALONE. No, Mr. Chairman; they simply outline the payment over the years. They would not be a part of it.

(It is as follows:)

"PRECEDENT

"The precedent for the 'revenue in lieu of taxes' from a Federal power development within a State was founded in the long-adopted principle in the revenue from the sale of public lands, and from the oil and gas leases located on the public lands, providing for 37½ percent of such revenue to be paid direct to the State in which such lands are located, on the theory that where such lands are held by the Federal Government the State cannot levy taxes but is entitled to a proportion of any income in lieu thereof. The Boulder Canyon Project Act, in section 4, paragraph (b) of the original act, provided for 37½ percent to be paid to the States of Arizona and Nevada wherein the project is located.

"In order to insure adequate provision for the States it was further provided in section 5, paragraph (a) of the act that 'contracts made pursuant to subdivision (a) of this section shall be made with a view of obtaining reasonable returns and shall contain provisions whereby at the end of 15 years from the date of their execution and every 10 years thereafter, there shall be readjustment of the contract, upon the demand of either party thereto, either upward or downward as to price, as the Secretary of the Interior may find to be justified by competitive conditions at distributing points or competitive centers.'

"The above provisions of the original act, approved December 21, 1928, provided the foundation for the Boulder Canyon Adjustment Act of 1940, which was negotiated by the seven Colorado River Basin States and approved by the States of Arizona and Nevada, paying $300,000 annually to each of the States of Arizona and Nevada in lieu of the 37½ percent provided for in the original act.

"KILOWATT-HOURS—COST—REVENUE

"Table No. 10 prepared annually by the Bureau of Reclamation in determining the rates to be charged for power from the Boulder Canyon project for the ensuing year applies to the fiscal year 1943–44 and shows at a glance the expected number of kilowatt-hours of firm and secondary energy for sale from 1943 to 1987, inclusive, and the actual sales for the years 1937–42. (Table No. 10 p. 88 of section VIII–A—Power Section of the Industrial Encyclopedia, published in 1944.)

"It shows the price per kilowatt-hour (1.190 mills for firm and 0.357 for secondary power) necessary for both firm and secondary energy to provide the annual operation and maintenance, amortization payments to the Government, and the $300,000 to each of the States of Arizona and Nevada agreed upon through the Boulder Canyon Adjustment Act.

"REVENUE TO NEVADA AND ARIZONA—ORIGINAL ACT

"At the original price per kilowatt-hour agreed upon in contracts for the power under the original Boulder Canyon Project Act passed in 1928, 1.63 mills for firm power and 0.50 for secondary, the return for the fiscal year 1943–44 would have been increased by approximately $2,000,000, 37½ percent of which—or approximately $800,000—would have been added to the $600,000 annual payments to the States of Arizona and Nevada, agreed to under the Boulder Canyon Adjustment Act, making a total to the two States of $1,400,000 or $700,000 each.

"The 1.63 mills per kilowatt-hour for firm power established in the original contracts was based on the availability of oil at that time to the 'distributing points or competitive centers' at $0.75 to $0.80 per barrel. The price of such oil is now quoted (1944) at $1.10 per barrel, which would indicate an upward adjustment of the price per kilowatt-hour in 1945 at the end of the 10-year period under the original Boulder Canyon Project Act. However, since the Adjustment Act has been accepted, no such additional revenue can now be secured. (The price of oil is now approximately $2 per barrel.)

"TABLE 11.—*Comparative revenue to the States of Arizona and Nevada under the original and under the adjusted Boulder Canyon Project Act*

Price per barrel of oil	$0.80	$1.10	$1.35
Assumption kilowatt-hours per barrel	500	500	500
Annual revenue to Arizona and Nevada under 1928 Boulder Canyon Project Act and power contracts	$1,400,000	$2,345,000	$3,133,000
Annual revenue to Arizona and Nevada under 1940 Adjustment Act [1]	$600,000	$600,000	$600,000

[1] $600,000 annual payments in lieu of taxes accepted by the States of Arizona and Nevada in place of the more than $3,000,000 annual revenue provided under the original Boulder Canyon Project Act.

Source—Bureau of Reclamation.

"ADJUSTMENT ACT

"The principal items of the Boulder Canyon Project Act pertaining to the generation and sale of electric power have been, to a large extent, revised under the Boulder Canyon Project Adjustment Act of 1940.

"One of the principal revisions of the Boulder Dam Project Act under the 'Boulder Canyon Project Adjustment Act of 1940' referred to above was the acceptance by the States of Arizona and Nevada of a definite annual payment of $300,000 each, in place of the 18¾ percent as provided under the Boulder Canyon Project Act passed in December, 1928, which, according to the Bureau of Reclamation would have paid to the two States over the 50-year period $62,468,000, or an average of $624,680 to each State annually. This lesser amount was accepted presumably on the theory that the oil and gas used to generate the power 'at distributing points or competitive centers' would cost less in 1945, the date of the first 'readjustment of the contract,' than when the contract was first made.

"The Boulder Canyon Readjustment Act authorized and directed the Secretary of the Interior to promulgate 'charges on the basis of computation thereof for energy generated at Boulder Dam,' during the period from June 1937 to May 31, 1987. This, in addition to other net revenues, was to be adequate for the following purposes:

"1. To meet the cost of operation and maintenance and replacement.

"2. To provide $500,000 annually for additional development of the Colorado River.

"3. To provide $300,000 annually each for Arizona and Nevada.

"4. To repay the Treasury with interest at 3 percent loans for the construction of the project, exclusive of the $25,000,000 allocation to flood-control payment which is to be deferred until the end of the 50-year period subject to such action as Congress might then determine.

"The cost of generating equipment is to be repaid with interest at 3 percent within 50 years from the installation date. On May 29, 1941, the rate for firm power was reduced from 1.63 mills to 1.163 mills, and the rate for secondary power was reduced from 0.5 mill to 0.34 mill.

"These rates are subject to adjustment from time to time as conditions warrant.

"Another item of importance in the Adjustment Act is provision whereby the Government may arrange for an exchange of power to the Metropolitan Water District from the Parker and Davis Dams in place of the Boulder Dam power allotted it. This provision makes possible an over-all efficient operation of the plant in Black Canyon and the nearby downstream plants. The city of Los Angeles and the Southern California Edison Co. are established as United States operating agents for the Boulder power plant.

"ELECTRIC ENERGY ALLOCATION

"The basic firm energy has been allocated as follows: 17.6259 percent each to Arizona and Nevada; 35.2517 percent to the Metropolitan Water District of Southern California for pumping water through its Colorado River aqueduct; 17.5554 percent to the city of Los Angeles; a total of 4.0095 percent to Burbank, Glendale, and Pasadena; 7.0503 percent to the Southern California Edison Co.; and 0.8813 percent to the California Electric Power Co. Energy allocated to, but not used by, Arizona and Nevada, and subject to withdrawal by them upon giving proper notice, has for the present been assigned to other users as follows: 55 percent to the city of Los Angeles; 40 percent to the Southern California Edison Co.; and 5 percent to the California Electric Power Co. The California Pacific Utilities Co. of California has contracted for a maximum of 20,000,000 kilowatt-hours per year and the Citizens Utility Co., of Kingman, Ariz., has contracted for a maximum of 50,000,000 kilowatt-hours per year of the present unused portion of the Metropolitan Water District's power allotment. These contracts run until 1954, at which time the Metropolitan Water District may need its full allotment.

"HISTORICAL

"Boulder Dam, officially named Hoover Dam by the then Secretary of the Interior

Ray Lyman Wilbur, and changed back to Boulder Dam again by Secretary of the Interior Harold L. Ickes when he took office in 1933 (and changed again to Hoover Dam by Congress last year), was the first of the federally financed, large, multiple-purpose projects to be authorized by Congress and constructed by the Government in the 11 Western States, and the only one in the entire United States on which the cost was completely underwritten before construction was begun.

"The Boulder Canyon Project Act was passed by the United States Senate on December 14, 1928, by the House on December 18, and signed by President Calvin Coolidge on December 21, and made effective through proclamation by Herbert Hoover in June 1929. It, together with the contracts for the use of the power provided for in the act, definitely set the precedent for a State in which a project is located to receive a cash benefit in lieu of taxes, and for withdrawal of power to be used within the State when and if needed, even though such power might be used elsewhere in the meantime.

"The above review traces the history of the Colorado River and its development in some detail, together with its effect upon that growth of the Southwest and the 11 Western States, from the date of the discovery of the region by Francisco de Ullao in 1539 to the use of Boulder Dam by the Basic Magnesium Co. of more than 100,000,000 kilowatt-hours from the completed Boulder Dam in June of 1943."

Senator MALONE. One of these amendments—and I will not try to explain all of them, because they are a matter of history and ready reference—but they all were directed toward the division of the power and the revenue features of Boulder Dam, now known as Hoover Dam, between Arizona, California, and Nevada. The dam is located between Arizona and Nevada, and the contracts were largely made for the sale of power in California. There was no development at all near the dam then available in either Arizona or Nevada.

In lieu of a direct sale of power to the States of Arizona and Nevada—the two States were given a withdrawal privilege to secure 36 percent of such power if, as, and when needed.

Mr. Chairman, we were laboring and sweating blood over the construction of Boulder (Hoover) Dam, just like they are doing now on the water division. It was important to each of the States to start the river development just as it is now very important to each of the States that a division of the water be made. If a division by compact is impossible, then the only recourse is to a judicial body. That is the reason that I joined in the resolution, Senate Joint Resolution 145.

ALL-AMERICAN CANAL NOT PAID FOR BY POWER FROM DAM

In the original Swing-Johnson bill was included the All-American Canal. For 5 years, every time Boulder Dam project was mentioned, the All-American Canal was a part of it. I came into the picture new and fresh in early 1927, and was chairman of the Lower Basin States Power Conference for several months. We met 40 days in San Francisco at one time and debated the entire problem in a very friendly conference, but no actual agreement came out of it. You will understand that there were just too many claims.

That All-American Canal always bothered me. I prepared amendments to the bill which were offered by Senators Pittman, Oddie, and others, both in committee, and on the floor of the Senate. In the debate in the committee, Senator Johnson was in his prime at that time, and everyone admits that, whether they agreed with Senator Johnson or not, he was a fighter. He said to me in cross examination, "We would be glad to give Nevada and Arizona money in lieu of taxes if there were such an amount of money available, but there is no such amount."

I said, "Senator," which is all a matter of evidence at that time, I think January 20, 1928, "what about the All-American Canal?" "It has no more to do with the Boulder Dam project than any other reclamation project. Why pay for it out of Boulder Dam power? In our State when we want a reclamation project, we borrow the money from the Government, build the project, and repay the Government over a period of years." That is exactly what the committee did. They took the All-American Canal out of the picture, which left the $37,500,000; then I went on to explain that there would be no ditches to clean in Imperial Valley once the river cleared up and washed the silt out of the river so that the $500,000 a year expended in cleaning the ditches would be unnecessary, and that will be available money.

Then, $1,000,000 per year was being expended in rebuilding levies along the lower Colorado, because with 150,000 second-feet flow the valley (Imperial) was endangered, but with the Boulder Dam storage project holding the flow to 40,000 second-feet the 1,500,000 or at least a large part of such expenditure would be saved. So, as a result, they gave us, Arizona and Nevada, 37.5 percent of all of the money the project made above the payments due the Government each year when amortization payments should start. The Secretary of the Interior announced that these payments amount to $700,000 per year to each State.

REVENUE IN LIEU OF TAXES COMPROMISE

In the Adjustment Act, Arizona and Nevada accepted $300,000 a year in lieu of the $700,000 per year to each State and then went on to make other adjustments to which all seven States agreed. The revenue payments being based upon the cost of oil for steam power—the payments to each State would have been more than one and one-half million per year at this time if the original act had not been amended. I recommended that such an attempt be made to equalize in some manner among the three States, the benefits of reclamation and financing. What they actually did, was to require the All-American Canal costing $38,000,000, to be underwritten by the lands benefited in Imperial Valley. I note that this Readjustment Act also increased the revenue of the upper basin States, and provided that an investigation shall be made by the Government in Arizona and Nevada and the upper basin States to determine feasible agricultural projects for development. No projects have ever been paid for out of power or are being paid for out of power due to that amendment which I suggested to the then Senate Reclamation and Irrigation Committee on January 20, 1927.

NO SPECIFIC RIGHT TO WATER WITHOUT AGREEMENT

In conclusion, Mr. Chairman, I simply want to say that I am very desirous of seeing fair play, not only for California and Arizona but for my own State of Nevada. The 300,000 acre-feet of water that we are supposed to have allocated to our State was always simply taken for granted since it was not very much water, and therefore, no one ever paid it much attention, but we do not at this time have any water allocated to the State of Nevada through agreement by the lower basin States and neither does California or Arizona under the compact; and since there has been no agreement between the lower basin States, either under the provisions of the Boulder Dam Project Act or otherwise, which I want to emphasize again includes 2 States that have not been mentioned, New Mexico and Utah, then it is wide open, except for the appropriations that are mentioned by Delph Carpenter, original appropriations already put to use, which would come out of the basin where the State is located.

I want to say again that all of these men that were in the fight—and I remember them all kindly; Delph is paralyzed and only his wife can understand him when he tries to talk; Mr. Scattergood, one of the finest engineers that I ever saw, and Bill Matthews, an attorney for Los Angeles, who is kindly remembered, and many others that I am unable at the moment to name—all contributed their share as they went through. They were fighting for their State but ready to concede something here and there to make the compact work, and to start the river development.

Senator MILLIKIN. I want to get this very clear. Does not Nevada claim the right to 300,000 acre-feet of water?

Senator MALONE. We do claim it but it has never been a part of any agreement. There have been conferences over a long period of time. I must have attended 30 or 40 such conferences during the 8½ years I was State engineer of Nevada, and Colorado River Commissioner, I should say, one such conference was held for several weeks in your city of Denver; but no agreement was ever reached.

Senator MILLIKIN. Let me pursue the matter a little further. Does not Nevada at this time claim the right to 300,000 acre-feet?

Senator MALONE. A claim is all it is. There is no right, and nothing could ever be attached as a right, because there has been no agreement between the States.

Senator MILLIKIN. As of this time, Nevada has no fixed right of any kind to water out of Colorado River?

Senator MALONE. No; and no other State has. Therefore, this matter is very complicated, and it is a matter then of interpretation of the compact, and even Delph Carpenter's learned discussion would have no bearing except to enlighten some of us in our conferences and in our discussions with each other, as to what the author of the compact had in mind, which might or might not affect the court's interpretation.

Senator MILLIKIN. May I ask this, Senator: You raised a very interesting angle in this business. Do your views coincide with those of the Senior Senator from Nevada?

Senator MALONE. Unfortunately, I think he is in the hospital, and I have not discussed this with him, but we did agree that the only way there could be an equitable division of the waters, as a matter of fact, if a project were to be constructed now in any State, that would take a large amount of water, the only way such a division probably could be secured within a reasonable time would be by a court adjudication. I cannot speak for him now as to his current opinion I understand that he submitted a written statement.

Senator MILLIKIN. Do your views coincide with those of the Governor of Nevada?

Senator MALONE. That I could not say, because I have not conferred with him on this particular matter. I understand Mr. Smith, who took my place as State engineer of Nevada, and worked for me a number of years before that time, will be here Saturday.

Senator MILLIKIN. I should like to ask the California representatives whether they have the same theory of Nevada's rights as those expressed by the Senator from Nevada

Mr. SHAW. I might add to what Senator MALONE has said, Mr. Chairman, that Nevada does have two contracts with the Secretary of the Interior, naming the quantities of 300,000 acre-feet in the aggregate, qualified by the clause "subject to availability for use in Nevada." That does to some extent throw the matter again wide open. Nevada, I believe, considers that the quantity named is within reasonable limits and is properly to be expected to belong to Nevada.

This, I think, might be said on the subject, and I think Senator MALONE would probably go along with the idea, that so long as there is no compact and no adjudication, everyone in the lower basin is subject to being sniped at, and subject to having political determinations either in the executive departments or in Congress affect the working out of actual projects either to Nevada's benefit or detriment. The same is true as to Arizona and as to California.

Senator MILLIKIN. I think that we are still missing the point that I am driving at. I think Senator MALONE has made it very clear. The Chair would like to know whether California is in agreement with the statement of Senator MALONE to the effect that Nevada, at the present time, has no right to 300,000 acre-feet or any other number of feet of water from the Colorado River.

Mr. SHAW. It has contracts. We are then bound to determine whether those contracts confer a right. There has been debate on that subject as to whether they confer water rights or whether they are something of a different category.

Senator MILLIKIN. Has California resolved its views as to whether it does or does not have a right? I am speaking of Nevada's right, if it has one.

Mr. SHAW. I am unable to answer that question positively.

Senator MALONE. I might clear that matter up further. I did not mean that the State of Nevada has not advanced a claim, and I do not mean that California has not advanced a claim, and that Arizona may have advanced a claim, but I do mean that none of us have any particular amount of water that we can say unequivocally belongs permanently to Nevada or any other State until a compact is signed by the lower basin States, or the water has been adjudicated by a competent authority.

Senator MILLIKIN. I think the Senator has made that clear. The reason I am probing this, I have been under the opinion that it was conceded by all parties that Nevada had a right to 300,000 acre-feet of water, and, of course, if that is not correct, we certainly should throw all of the clarification we can on it.

Senator MALONE. In every conference I have sat in, Mr. Chairman—you see out of the seven and one-half million and the additional million to the lower basin States, the 300,000, a small amount, was generally taken for granted but there has been nothing agreed upon officially or signed; so, if someone did question it, some new man representative of Arizona or California or Utah or New Mexico, in the lower basin, it would throw a cloud on any claim we have, and if it were never adjudicated and no compact ever signed giving us 300,000 acre-feet, then financing any projects under it would be serious.

Senator MILLIKIN. I may have misinterpreted the Senator's testimony, but the impression is that the Senator himself has thrown a doubt on it, and if that is not correct, that ought to be made very clear.

Senator MALONE. That is correct. I myself believe implicitly that even your own State of Colorado has no specific amount of water that it can call its own in the upper basin until you would either agree by compact between the four upper basin States or until it has been adjudicated by a competent authority.

Senator MILLIKIN. I would like to ask the representatives of the upper States whether there is any claim that Nevada does not have 300,000 acre-feet of water by way of fixed firm right?

Mr. BREITENSTEIN. We concede that the Nevada contract gives her the right to use 300,000 acre-feet of the Colorado River water. When you talk about a right, Senator, we get into complications. A water right is a right of use, and it is not a right to a can of tomatoes.

Senator MILLIKIN. I suggest that under the compact that is not at all correct. The purpose of the compact, one of the purposes of the compact, was to avoid the necessity for us to mature a right by use.

Mr. BREITENSTEIN. Your compact defines beneficial consumptive use of water. Now, Nevada has the right, as we see it, to use beneficially or consume beneficially 300,000 acre-feet of water per year.

Senator MILLIKIN. Is that contested by any of the States in the upper basin?

Mr. BREITENSTEIN. Not that I know of.

Senator MILLIKIN. Is that contested?

Mr. BREITENSTEIN. I have never heard of that contested by any person speaking for an upper basin State.

Senator MILLIKIN. How about the States in the upper division?

Senator MALONE. Would Mr. Breitenstein identify himself for the record?

Mr. BREITENSTEIN. My name is Jean S. Breitenstein. I am a lawyer, and I am attorney for the Colorado Water Conservation Board, which is the water agency of the State of Colorado charged with the protection of or conservation of water resources of the State.

Senator MALONE. I would like to ask Mr. Breitenstein a question. Does the upper basin have anything to do whatever with the division of the lower basin water?

Mr. BREITENSTEIN. No, sir.

Senator MALONE. What difference does it make whether you advance a claim to the water allocated under the compact to the lower basin, or that you do not? The upper basin States have no interest in the lower basin water.

Senator MILLIKIN. Well, the Chair's purpose was to find out whether Nevada's right, if she has one, has been generally accepted or whether it has been a matter of opinion and possibly conflict.

Senator MALONE. I want to say again, that the upper basin States have only one obligation, and that is to turn down 7,500,000 acre-feet of water annually, or 75,000,000 acre-feet in any 10-year period. The lower basin States have nothing whatever to do with the waters remaining in the upper basin and the upper basin States have nothing to do with the 7,500,000 turned down to the lower basin.

Senator MILLIKIN. I was not proposing to raise that question. I was simply trying to find out what the state of opinion is around here as to all of the States on the river, as to whether Nevada has a fixed right to a certain amount of water.

Now, as I understand it, the upper basin States do not challenge that right. If I am not correct in that, I would like to have someone correct me. As I understand it, California has not yet matured her conclusions as to whether that is or is not correct. Is that right?

Mr. SHAW. There are legal questions involved there as to the nature of these contracts from the Secretary of the Interior that I would rather not attempt to express a view on without pretty careful consideration, Senator.

May I add two thoughts, if you please. In a sense, each of the States on an interstate river has a right to equitable apportionment, that is, a right to a share of the whole use of the river. Now, that is something which must be taken into account in answering your question. I would like to make a little comparison. The State of Nevada has a secretarial contract under section 5 of the Boulder Canyon Project Act. It has two contracts aggregating 300,000 acre-feet. The States of Utah and New Mexico have no such contracts. Their position is therefore less advanced and less secure and less definite than that of the State of Nevada.

Senator MALONE. Could I ask a question of the witness? Are you referring to the paragraph that I read, where the Congress of the United States merely consents to a division of the waters, that that gave us a claim?

Mr. SHAW. I was not referring to that paragraph.

Senator MALONE. Will you tell me the one to which you refer?

Mr. SHAW. I was referring to the law of equitable apportionment, and that is something—if I may just complete the thought—undetermined and unadjudicated and still in full consideration of the Senator's question must be taken into account.

Senator MILLIKIN. Will you hold up just a moment? Does Arizona challenge the right of Nevada to 300,000 acre-feet?

Mr. CARSON. No; we do not. We have put in the Arizona contract this clause:

"Arizona recognizes the right of the United States and the State of Nevada to contract for the delivery from storage in Lake Mead for annual beneficial consumptive use within Nevada, for agricultural and domestic uses, of 300,000 acre-feet of the water apportioned to the lower basin by the Colorado River compact, and in addition thereto, to make contract for like use of one twenty-fifth of any excess or surplus water available in the lower basin and unapportioned by the Colorado River compact, which waters are subject to further equitable apportionment after October 1, 1963, as provided in article III (f) and III (g) of the Colorado River compact."

Now, since Utah and New Mexico have been mentioned here, I would like to read the next paragraph in this contract.

Senator MILLIKIN. This is a contract between Arizona and the Secretary of the Interior?

Mr. CARSON. Yes.

Senator MILLIKIN. What is the date of that contract?

Mr. CARSON. The 9th of February 1944. It was ratified by the Arizona Legislature:

"Arizona recognizes the rights of New Mexico and Utah to equitable share of the water apportioned by the Colorado River compact in the lower basin and also water unapportioned by such compact; and nothing contained in this contract shall prejudice such rights."

Mr. SHAW. Would you be kind enough to read the next section?

Mr. CARSON. That was (g).

Now, I would like to offer this entire contract for the record.

Senator MILLIKIN. It will be put in the record.

Mr. CARSON. It appears on page 240 of the Bridge Canyon project hearings on Senate bill 1175.

Mr. ELY. We have already entered that as an exhibit to our testimony.

Senator MILLIKIN. Since it has been offered, would that be sufficient?

Mr. CARSON. I would like to have it entered.

Senator MILLIKIN. Put it in at this point, even at the risk of encumbering the record. I do not like to have to make all sorts of cross-references all of the time to find the material.

Mr. CARSON. All right.

Then, in Arizona's view Nevada has a firm right to 300,000 acre-feet, plus one twenty-fifth of the surplus which comes from our half of the surplus, and the division is made in the lower basin by virtue of the California Limitation Act in article IV of the Boulder Canyon Project Act, which the Senator from Nevada did not read, but which limits California to 4,400,000 acre-feet.

Now then, that leaves for Nevada and Arizona the balance of the 7,500,000 acre-feet of III (a) water apportioned to the lower basin, plus that small part of Utah and New Mexico, which are in the lower basin, and there is no dispute between Arizona and Utah or New Mexico over that water, nor with Nevada.

Mr. SHAW. Could I have paragraph (h) of that contract read?

Senator MALONE. I would like to have section (h) read.

Mr. SHAW. With the chairman's permission, I would like to read into the RECORD the subsection of this contract immediately following the two which counsel for Arizona read.

Senator MALONE. Is this a contract or is it something adopted by the State legislature?

Mr. SHAW. It is a secretarial contract, approved by the State legislature of Arizona:

"Arizona recognizes the right of the United States and agencies of the State of California to contract for storage and delivery of water from Lake Mead for beneficial consumptive use in California, provided that the aggregate of all such deliveries and uses in California from the Colorado River shall not exceed the limitation of such uses in that State required by the provisions of the Boulder Canyon Project Act and agreed to by the State of California by an act of its legislature, upon which limitation the State of Arizona expressly relies."

Now, I wish to make these two comments. Obviously, the formulas adopted in this contract for recognition of the rights of Nevada, Utah, and New Mexico and California are wide open to the questions, the legal questions, which have been presented. They are not self-defining numerical quantities in all respects. They are subject to the provisions of section 10 of the same contract, and "neither article 7 which contains these three subdivisions which have been read, nor any other provision of this contract shall impair the right of Arizona and other States and the users of water therein to maintain, prosecute or defend any action respecting, and is without prejudice to, any of the respective contentions of said States and water users as to (1) the intent, effect, meaning, and interpretation of said compact and said act; (2) what part, if any, of the water used or contracted for by any of them falls within article III (a) of the Colorado River compact; (3) what part, if any, is within article III (b) thereof; (4) what part, if any, is excess or surplus waters unapportioned by said compact; and (5) what limitations on use, rights of use, and relative priorities exist as to the waters of the Colorado River system; provided, however, that by these reservations there is no intent to disturb the apportionment made by article III (a) of the Colorado River compact between the upper basin and the lower basin."

We, on the part of California, and I do not want to have any mistake about this, do not challenge the right of the State of Nevada or the privilege of the State of Nevada, or whatever you may call it, to use 300,000 acre-feet of water. Nevada, however, without any adjudication, is standing out here deriving what comfort it can from this contract, but without any definition by any court or any compact of its exact rights.

GOV. VAIL PITTMAN'S LETTER—NO LOWER BASIN COMPACT

Senator MILLIKIN. I believe, Senator MALONE, I should bring to your attention the letter of Governor Pittman of May 10, 1948, to this subcommittee. In the course of the letter the following appears:

"Nevada is seriously concerned as to the effect of congressional action upon the promotion and development of projects in the other States in the lower basin, which may have undesirable repercussions upon Nevada's allotment of water and power.

"In the absence of an effective allocation of water between the States of the lower basin, these States may rely upon their respective State water codes, and their rights as established by priority of beneficial use could result in depriving Nevada of a part of the water to which the State is entitled under the Colorado River compact and section 4 (a) of the Boulder Canyon Project Act. The amount of water Nevada would receive under this agreement (300,000 acre-feet), while very small compared with the proposed allocations to Arizona and California, is vitally important to the welfare of southern Nevada. The danger of loss of a portion of this water to Nevada is accentuated by the necessity of supplying water to the Republic of Mexico as required by the Mexican Water Treaty of 1945.

"Nevada has a contract executed by the Secretary of the Interior under the project act for 17.6259 percent of all firm hydroelectric power produced at Hoover Dam. The necessity of conserving as much of this energy as possible is of the greatest importance to Nevada. The electric power is imperatively needed for present operation and development of natural resources in mining and irrigation, which are rapidly expanding, and for the operation of Basic Magnesium project which is now being acquired by Nevada from War Assets Administration where industries of great benefit to the State and to the national welfare are in operation; and others are negotiating for space and power."

I shall make the whole letter available to you, Senator, but here is another part that I want to refer to:

"Nevada's past experience conclusively leads me to believe that a three-State compact or agreement cannot be reached and further discussions will prove futile. Our State for many years has spent much time and money in efforts to bring the three-State compact into being, completely without results. At last Nevada discontinued negotiations and on March 30, 1942, contracted directly with the Bureau of Reclamation for 100,000 acre-feet of water from Lake Mead storage as water was urgently needed for the wartime Basic Magnesium project. Meantime, Arizona petitioned Secretary Ickes for a contract of withdrawal of up to 2,800,000 acre-feet from the main stream, that State's entire allotment, less certain deductions and qualifications in the contract. This led Nevada to contract for an additional 200,000 acre-feet, the limit of our right under the authorized three-State contract. The right is only for withdrawal of stored water when it is available."

Now, for whatever bearing that may have I thought that you should have that directly before you.

Senator MALONE. Mr. Chairman, I appreciate that. No doubt the governor sent me a copy, but in the press of other business it did not reach me. It has not been called to my attention. He says the same thing in his letter that I have just said for the record. What I want to say again is that I appreciate very much the protection afforded by the contract that the Legislature of Arizona has ratified, but as you can see, California still leaves the gate wide open, and the only way it could bind the State of Arizona would be through a compact with Nevada, ratified by the legislatures of both States, and even then the remaining three States of the lower basin would in no way be bound. I think California questions the 4,400,000 acre-feet limitation indicated by the Boulder Dam Project Act, and there are various ways, you understand, that you can compute water. One might be through gross diversions, and others through beneficial consumptive use, and you will find that in Delph Carpenter's explanation of the compact it is always beneficial consumptive use. Arizona, for example, computes their use of the Gila River waters in a certain manner—other computations use a different formula—neither I nor the State of Nevada can say what method should be used, but a court of competent jurisdiction can resolve the question.

Consumptive use means that in Colorado, for example, or the upper basin, you could and probably will divert the water, a considerable part of it, several times, and you have in Colorado one of the highest duties of water of any State in the West, primarily because you have such a large return flow. I am talking about beneficial consumptive use; I think it is only a little over an acre-foot or between an acre-foot and 2 acre-feet per acre. Whereas, if it were diverted and never returned to the stream system, it might be several times that, but your return flow is such that your beneficial consumptive use is very low.

UNITED STATES-MEXICO WATER TREATY

I want to say a further word about this. Highly complicating this entire picture is the 1,500,000 acre-feet allocated to Old Mexico. That has been ratified by the Senate of the United States and it is duly signed, and there is nothing that anyone can do about it. I examined personally the lands in Old Mexico in 1927 and 1928. I have a peculiar habit of looking at things that I have to do something about. They never at any time, in my judgment, irrigated over 30,000 to 40,000 acres at one time, but they had about 200,000 acres under cultivation due to irrigating a part of it for 2 or 3 years, and then shifting to other parts of the land.

But now instead of the three-quarters of a million acre-feet, which is at least 100,000 acre-feet more than anyone thought they would ever be allocated and certainly that much more than they had ever utilized at any one time prior to the construction of the dam, they get 1,500,000 acre-feet. The 1,500,000 acre-feet must come from some place. It immediately dissipates any idea that there is going to be any large unallocated surplus, or maybe even very little of that 1,000,000 acre-feet that is allocated to the lower basin, in addition to the 7,500,000 acre-feet to the lower basin to be delivered at Lees Ferry by the upper basin. Through all of the negotiations—and you understand that I am not passing on these questions—we tried to meet the necessary problems in the interest of harmony and to get development started on the Colorado River, feeling that the rest of it would be growing pains—just like we are going through now. I do not want to hurt any State in the basin, either the upper or lower basin.

Therefore, I want it clearly understood that in my opinion there is not now any allocation to any specific State in the basin. I know the Secretary of the Interior has made these contracts, and they have made them with California, and they are about to make them or have made them with Arizona, and they have made two with us, but the Secretary of the Interior in the last 15 years has had a habit of taking on a good deal of authority—and I think the chairman is fully familiar with all of the ramifications of that habit—and that all of the Department's actions do not have the weight of law.

The Secretary of the Interior, Mr. Ickes, was entirely unfamiliar with water law in the West, and this is no disparagement of him, and the present Secretary, Mr. Krug, is entirely unfamiliar with our methods of water use in the West, and therefore it comes back to the old saying, "No one can talk quite so convincingly on a subject as someone entirely unhampered by the facts."

ONLY LOWER BASIN COMPACT OR AGREEMENT CAN DIVIDE THE WATER

I cannot settle this problem between Arizona, California, Nevada, New Mexico, and Utah. Only those States can settle it through a compact—or the rights can be adjudicated by a competent authority.

I want to make this point, that Delph Carpenter, when he says what the compact

means—and he leaves for the moment aside what the States ratified—he is just like GEORGE MALONE or our chairman or anyone else; he is just 1 out of 140,000,000 making up the United States. What he says, and he wrote the compact, and he evidently meant it to mean that it included the Gila River, and it included every stream and every foot of watershed in it and to be based on beneficial consumptive use, but nevertheless, that is only Delph Carpenter, and I have the highest regard for him. We used to call him the "silver fox of the Rockies." However, the questions of fact must still be left to the court if there is a disagreement.

MOVE ONE STEP AT A TIME—GROWING PAINS

What we did at that time seemed right to us, but there are so many interpretations of even the compact itself, as you have seen here this morning, that it is my earnest opinion that the way to save time and to utilize the waters of that basin, in view of the fact that I agree wholeheartedly with the Governor, who has, along with Tom Smith, our State engineer, sat in these conferences almost continuously since I left the Commission, that there would probably never be an agreement between the lower basin States in the division of water.

I concur in that position, and I think my friends from Arizona and California would also concur. Therefore, it is very important that the Government of the United States not assist anyone, Nevada, Arizona, California, New Mexico, or Utah, in establishing priorities that might be inimical to the rights of any other State until such determination is made either by compact or adjudication.

I have been advised that if a compact is not possible the quickest way to determine the rights would be through an adjudication by the Supreme Court, and should not hold us up, perhaps, more than a year, which, in view of the fact that the Boulder Canyon project was held up 7 years, even after Mr. Hoover called the States together in Santa Fe, N. Mex., since it has taken the States of the West many years on all major projects to arrive at the proper solution, the time element would not be out of line when the importance of the subject is considered.

What I am saying is that rather than deprive California and Arizona and Nevada or any other State of their proper rights, 1 year more or less is relatively unimportant, and if they are unable to do it for themselves, there should be a competent body to do the job. Now, it did make some difference in my thought on the subject when the Bureau of Reclamation came in and said that they were going to pump the water from Parker Dam to central Arizona instead of taking it out of the Bridge Canyon, because if it were taken out of Bridge Canyon, I think the Governor of Nevada, Mr. Vail Pittman, has very well covered it, that would divert a large amount of water without any adjudication, compact, or determination of rights above Boulder and Davis Dams where power is developed and then used for irrigation; and, of course, acts as flood control. They are truly multiple-purpose dams, but it would change materially the matter of repayments by reducing the power development upon which the project was originally financed.

I want to make this one point again. Not in any part of the lower river basin with which I am familiar has power developed on the main stream been used to finance an irrigation district. The Bridge Canyon project, if it is built, will produce a lot of power. The water will go through the Bridge Canyon, then on through Hoover and Davis Dams. The power will be available to the basin States, wherever it can be economically transmitted. I understand at Parker it will take about a third of this power to pump the water back into central Arizona. Approximately one-third of the power is used for that purpose, and then the revenue from the power, the power is fixed at a price that will repay the Government for the Central Arizona project. It is an exact parallel, as I see it, to the All-American canal that the Congress rejected, through denial of the use of Boulder Dam revenue with which to repay the Government for the cost of the All-American canal.

I am not suggesting what should be done. I am merely outlining what has been done, and I think in order to meet the future developments on the river it is necessary for the committee to know what has been done and what precedents have been established and the real points at issue.

I heartily agree with the Senator, the chairman, in his conclusion that if you are going to write a book on this subject, you had better do it during the first 2 weeks before you become burdened with details, or else you had better wait several years, because once you begin to find out the real problems, you will be very reluctant to make a definite decision between the States on water rights. As a matter of fact, on none of these things, either in the Industrial Encyclopedia of the Eleven Western States, or in Senate Document 186 have I drawn conclusions. I have merely put down the evidence, so that anyone can refer to the documents as interpreted by the men on the job at the time, and the actions of the Congress of the United States, and make up their own mind.

I want to adopt that attitude all of the way through. As we go along certain precedents are set and become common procedure—fair to the States involved—so that Congress has finally established a definite method of procedure.

The reason that I joined with other Senators in the joint resolution then was because the necessary adjudication, in the absence of a compact, could be made only by the Supreme Court in my opinion, since I felt that the States would never make it. Just as my Governor has said in his letter. He had not communicated with me before writing the letter, but we agree on principle.

Mr. Chairman, unless there are further questions, I think that that concludes my statement.

Senator MCFARLAND. There is just one matter that I would like to call Senator MALONE'S attention to, and I am sure that he is familiar with it, and that is (b) under article IV of the compact, which reads:

"Subject to the provisions of this compact, water of the Colorado River system may be impounded and used for generation of electrical power, but such impounding and use shall be subservient to the use and consumption of such water for agricultural and domestic purposes and shall not interfere with or prevent use for such dominant purposes."

Then I would like to ask him if he is not familiar with the fact that the Colorado-Big Thompson in Colorado is financed largely from power generated?

Senator MALONE. I am referring to the power developed on the main lower basin stream where two or more States are interested; also following a compact or an adjudication the amount that any one State might divert would be determined.

Senator MCFARLAND. I do not care to go into it any further.

Senator MILLIKIN. I think that that is extraneous to the immediate matter.

Senator MALONE. I am entirely familiar with the provision which the Senator just read.

Mr. Chairman, it is perfectly clear that not a single one of the seven States in the entire Colorado River watershed has a firm right to the use of any specific amount of water until such time as the water allocated to the upper and lower basins, respectively, under the Colorado River compact has been divided between the States in the respective basins either through interstate agreements or compacts—or by a court of competent jurisdiction.

It is equally clear to me that the lower basin States, Arizona, California, Nevada, New Mexico, and Utah will not, within any reasonable time, agree upon such a division. I, therefore, Mr. Chairman, joined in the introduction of Senate Joint Resolution No. 145 to hasten the further development of the Colorado River.

Senator MILLIKIN. Thank you very much, Senator.

Mr. MALONE. Mr. President, this outline contains a rather complete record of progress of the Colorado River development with appropriate references in the interest of a better general understanding of the subject and a full ultimate development of that great river system.

AMENDMENT OF THE NATIONAL HOUSING ACT

Mr. FLANDERS. Mr. President, it is my desire to address the Senate on the subject of bringing inflation under control. Before doing so, however, I wish to report favorably from the Committee on Banking and Currency House bill 6959 to amend the National Housing Act, as amended, and for other purposes, with an amendment, and I submit a report (No. 1773) thereon.

Mr. WHERRY. Mr. President, the bill just reported by the Senator from Vermont is the housing bill, is it not?

Mr. FLANDERS. It is.

Mr. WHERRY. Mr. President, I feel that since the bill has been reported it should be a matter for debate as early as possible in the Senate. Therefore, if no Senator wishes to suggest why I should not do so, I shall ask unanimous consent, and now do ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of House bill 6959.

Mr. BARKLEY. Mr. President, I have no objection to that procedure, but I think probably in fairness to the Members of the Senate there should be a quorum call.

Mr. WHERRY. I was just about to state that if any objection was raised, I should be glad to suggest the absence of a quorum, although perhaps it would not be necessary to do so.

Mr. BARKLEY. I do not know whether there will be any objection.

Mr. TOBEY. Mr. President, I will say to the distinguished acting majority leader and the distinguished minority leader that a Member of the Senate is going to object to consideration of the bill. I further wish to state that I shall insist upon a quorum call in order that the Senator interested may be protected. He is a Member on this side of the aisle.

Mr. WHERRY. I suggest the absence of a quorum.

Mr. FLANDERS. Mr. President, I understand that I do not lose the floor by this procedure?

The PRESIDING OFFICER. The Senator will not lose the floor.

The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hawkes	Myers
Baldwin	Hayden	O'Conor
Ball	Hickenlooper	O'Mahoney
Barkley	Hill	Pepper
Brewster	Hoey	Reed
Bricker	Holland	Revercomb
Bridges	Ives	Robertson, Va.
Brooks	Jenner	Robertson, Wyo.
Buck	Johnson, Colo.	Russell
Butler	Johnston, S. C.	Saltonstall
Byrd	Kem	Smith
Cain	Kilgore	Sparkman
Capehart	Knowland	Stennis
Capper	Langer	Taft
Connally	Lodge	Taylor
Cooper	Lucas	Thomas, Okla.
Cordon	McCarthy	Thomas, Utah
Downey	McClellan	Thye
Dworshak	McFarland	Tobey
Eastland	McGrath	Tydings
Ecton	McKellar	Umstead
Ellender	McMahon	Vandenberg
Feazel	Magnuson	Watkins
Ferguson	Malone	Wherry
Flanders	Martin	Wiley
Fulbright	Millikin	Williams
Green	Moore	Wilson
Gurney	Morse	Young
Hatch	Murray	

Mr. WHERRY. I announce that the Senator from South Dakota [Mr BUSHFIELD] is necessarily absent.

Mr. LUCAS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is unavoidably detained.

The Senator from Georgia [Mr. GEORGE], the Senator from Nevada [Mr. [Mr. McCARRAN], the Senator from Texas [Mr. O'DANIEL], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from South Carolina [Mr. MAYBANK] is absent by leave of the Senate.

The Senator from Tennessee [Mr. STEWART] is necessarily absent in the State of Tennessee, because of a primary and general election which is being held today.

The PRESIDING OFFICER (Mr. KEM in the chair). Eighty-six Senators have answered to their names. A quorum is present.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield.

Mr. WHERRY. Before the quorum call I had proposed a unanimous-consent request temporarily to lay aside the unfinished business and proceed to the consideration of House bill 6959. At that time it was suggested by the chairman of the committee [Mr. TOBEY] that he thought possibly an objection would be made to the present consideration of the bill. I did not know that when I proposed the unanimous-consent request. I now renew the request.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Nebraska?

There being no objection, the Senate proceeded to consider the bill (H. R. 6959) to amend the National Housing Act, as amended, and for other purposes, which had been reported from the Committee on Banking and Currency with an amendment, to strike out all after the enacting clause and insert:

That this act may be cited as the "Housing Act of 1948."

DECLARATION OF NATIONAL HOUSING POLICY

SEC. 2. The Congress hereby declares that the general welfare and security of the Nation and the health and living standards of its people require a production of residential construction and related community development sufficient to remedy the serious cumulative housing shortage, to eliminate slums and blighted areas, to realize as soon as feasible the goal of a decent home and a suitable living environment for every American family, and to develop and redevelop communities so as to advance the growth and wealth of the Nation. The Congress further declares that such production is necessary to enable the housing industry to make its full contribution toward an economy of maximum employment, production, and purchasing power. The policy to be followed in attaining the national housing objective hereby established shall be: (1) Private enterprise shall be encouraged to serve as large a part of the total need as it can; (2) governmental assistance shall be utilized where feasible to enable private enterprise to serve more of the total need and (3) governmental aid to clear slums and provide adequate housing for groups with incomes so low that they cannot otherwise be decently housed in new or existing housing shall be extended only to those localities which estimate their own needs and demonstrate that these needs cannot fully be met through reliance solely upon private enterprise and upon local and State revenues, and without such aid.

TITLE I—FHA TITLE VI AND TRANSITIONAL PERIOD AMENDMENTS

SEC. 101. The National Housing Act, as amended, is hereby amended as follows:

TITLE VI AMENDMENTS

(a) Section 603 (a) is amended—

(1) By striking out "$5,350,000,000" and inserting in lieu thereof "$5,750,000,000 except that with the approval of the President such aggregate amount may be increased to not to exceed $6,150,000,000";

(2) By striking out the second proviso and inserting in lieu thereof the following: *"Provided further,* That no mortgage shall be insured under section 603 of this title after April 30, 1948, except (A) pursuant to a commitment to insure, issued on or before April 30, 1948, or (B) a mortgage given to refinance an existing mortgage insured under section 603 of this title and which does not exceed the original principal amount and unexpired term of such existing mortgage, and no mortgage shall be insured under section 608 of this title after March 31, 1949, except (i) pursuant to a commitment to insure issued on or before March 31, 1949, or (ii) a mortgage given to refinance an existing mortgage insured under section 608 of this title and which does not exceed the original principal amount and unexpired term of such existing mortgage:".

(b) Section 608 (b) (3) (B) is amended by striking out the semicolon and the word "and" at the end of the first proviso and inserting in lieu thereof a colon and the following: *"And provided further,* That the principal obligation of the mortgage shall not, in any event, exceed 90 percent of the Administrator's estimate of the replacement cost of the property or project on the basis of the costs prevailing on December 31, 1947, for properties or projects of comparable quality in the locality where such property or project is to be located; and".

(c) (1) Section 608 (b) (3) (C) is amended by striking out "$1,500 per room" and inserting in lieu thereof "$8,100 per family unit";

(2) Section 608 (b) (3) (C) is amended by striking out the colon and the proviso and inserting in lieu thereof a period.

(d) Section 609 is amended—

(a) By striking out all of paragraph (1) of subsection (b) and inserting in lieu thereof the following:

"(1) The manufacturer shall establish that binding purchase contracts have been executed satisfactory to the Administrator providing for the purchase and delivery of the houses to be manufactured, which contracts shall provide for the payment of the purchase price at such time as may be agreed to by the parties thereto, but, in no event, shall the purchase price be payable on a date in excess of 30 days after the date of delivery of such houses, unless not less than 20 percent of such purchase price is paid on or before the date of delivery and the lender has accepted and discounted or has agreed to accept and discount, pursuant to subsection (i) of this section a promissory note or notes, executed by the purchaser, representing the unpaid portion of such purchase price, in which event such unpaid portion of the purchase price may be payable on a date not in excess of 180 days from the date of delivery of such houses;".

(b) By striking out the first and second sentences of paragraph (4) of subsection (b) and inserting in lieu thereof the following:

"The loan shall involve a principal obligation in an amount not to exceed 90 percent of the amount which the Administrator estimates will be the necessary current cost, exclusive of profit, of manufacturing the houses, which are the subject of such purchase contracts assigned to secure the loan, less any sums paid by the purhaser under said purchase contracts prior to the assignment thereof. The loan shall be secured by an assignment of the aforesaid purchase contracts and of all sums payable thereunder on or after the date of such assignment, with the right in the assignee to proceed against such security in case of default as provided in the assignment, which assignment shall be in such form and contain such terms and conditions as may be prescribed by the Administrator; and the Administrator may require such other agreements and undertakings to further secure the loan as he may determine, including the right, in case of default or at any time necessary to protect the lender, to compel delivery to the lender of any houses then owned and in the possession of the borrower."

(c) By adding at the end of subsection (f) the following new sentence: "The provisions of section 603 (d) shall also be applicable to loans insured under this section and the reference in said section 603 (d) to a mortgage shall be construed to include a loan or loans with respect to which a contract of insurance is issued pursuant to this section."

(d) By adding at the end thereof the following new subsection:

"(i) (1) In addition to the insurance of the principal loan to finance the manufacture of housing, as provided in this section, and in order to provide short-term financing in the sale of houses to be delivered pursuant to the purchase contract or contracts assigned as security for such principal loan, the Administrator is authorized, under such terms and conditions and subject to such limitations as he may prescribe, to insure the lender against any losses it may sustain resulting from the acceptance and discount of a promissory note or notes executed by a purchaser of any such houses representing an unpaid portion of the purchase price of any such houses. No such promissory note or notes accepted and discounted by the lender pursuant to this subsection shall involve a principal obligation in excess of 80 percent of the purchase price of the manufactured house or houses; have a

maturity in excess of 180 days from the date of the note or bear interest in excess of 4 percent per annum; nor may the principal amount of such promissory notes, with respect to any individual principal loan, outstanding and unpaid at any one time, exceed in the aggregate an amount prescribed by the Administrator.

"(2) The Administrator is authorized to include in any contract of insurance executed by him with respect to the insurance of a loan to finance the manufacture of houses, provisions to effectuate the insurance against any such losses under this subsection.

"(3) The failure of the purchaser to make any payment due under or provided to be paid by the terms of any note or notes executed by the purchaser and accepted and discounted by the lender under the provisions of this subsection, shall be considered as a default under this subsection, and if such default continues for a period of 30 days, the lender shall be entitled to receive the benefits of the insurance, as provided in subsection (d) of this section except that debentures issued pursuant to this subsection shall have a face value equal to the unpaid principal balance of the loan plus interest at the rate of 4 percent per annum from the date of default to the date the application is filed for the insurance benefits.

"(4) Debentures issued with respect to the insurance granted under this subsection shall be issued in accordance with the provisions of section 604 (d) except that such debentures shall be dated as of the date application is filed for the insurance benefits and shall bear interest from such date.

"(5) The Administrator is authorized to fix a premium charge for the insurance granted under this subsection, in addition to the premium charge authorized under subsection (h) of this section. Such premium charge shall not exceed an amount equivalent to 1 percent of the original principal of such promissory note or notes and shall be paid at such time and in such manner as may be prescribed by the Administrator."

(e) Section 610 is amended by adding at the end thereof the following new paragraph:

"The Administrator is further authorized to insure or to make commitments to insure in accordance with the provisions of this section any mortgage executed in connection with the sale by the Government, or any agency or official thereof, of any of the so-called Greenbelt towns, or parts thereof, including projects, or parts thereof, known as Greenhills, Ohio, Greenbelt, Md., and Greendale, Wis., developed under the Emergency Relief Appropriation Act of 1935, or of any of the village properties under the jurisdiction of the Tennessee Valley Authority, and any mortgage executed in connection with the first resale, within 2 years from the date of its acquisition from the Government, of any portion of a project or property which is the security for a mortgage insured pursuant to the provisions of this section."

(f) Title VI is amended by adding after section 610 the following new section:

"SEC. 611. (a) In addition to mortgages insured under other sections of this title, and in order to assist and encourage the application of cost-reduction techniques through large-scale modernized site construction of housing and the erection of houses produced by modern industrial processes, the Administrator is authorized to insure mortgages (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided.

"(b) To be eligible for insurance under this section, a mortgage shall—

"(1) have been made to and be held by a mortgagee approved by the Administrator as responsible and able to service the mortgage properly;

"(2) cover property, held by a mortgagor approved by the Administrator, upon which there is to be constructed or erected dwelling units for not less than 25 families consisting of a group of single-family or two-family dwellings approved by the Administrator for mortgage insurance prior to the beginning of construction: *Provided*, That during the course of construction there may be located upon the mortgaged property a plant for the fabrication or storage of such dwellings or sections or parts thereof, and the Administrator may consent to the removal or release of such plant from the lien of the mortgage upon such terms and conditions as he may approve;

"(3) involve a principal obligation in an amount—

"(A) not to exceed 90 percent of the amount which the Administrator estimates will be the value of the completed property or project, exclusive of any plant of the character described in paragraph (2) of this subsection located thereon, and

"(B) not to exceed a sum computed on the individual dwellings comprising the total project as follows:

"(i) $8,100 or 90 percent of the valuation, whichever is less, with respect to each single-family dwelling, and

"(ii) $12,500 or 90 percent of the valuation, whichever is less, with respect to each two-family dwelling.

"With respect to the insurance of advances during construction, the Administrator is authorized to approve advances by the mortgagee to cover the cost of materials delivered upon the mortgaged property and labor performed in the fabrication or erection thereof;

"(4) provide for complete amortization by periodic payments within such term as the Administrator shall prescribe and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4 percent per annum on the amount of the principal obligation outstanding at any time: *Provided*, That the Administrator, with the approval of the Secretary of the Treasury, may prescribe by regulation a higher maximum rate of interest, not exceeding 4½ percent per annum on the amount of the principal obligation outstanding at any time, if he finds that the mortgage market demands it. The Administrator may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release.

"(c) Preference or priority of opportunity in the occupancy of the mortgaged property for veterans of World War II and their immediate families and for hardship cases as defined by the Administrator shall be provided under such regulations and procedures as may be prescribed by the Administrator.

"(d) The provisions of subsections (c), (d), (e), and (f) of section 608 shall be applicable to mortgages insured under this section."

TITLE II AMENDMENTS

(g) Sections 203 (b) (2) (B) is amended by striking out "$5,400" and inserting in lieu thereof "$6,300."

(h) Section 203 (b) (2) (C) is amended—

(1) By striking out "$8,600" and inserting in lieu thereof "$9,500";

(2) By striking out "$6,000" in each place where it appears and inserting in lieu thereof "$7,000";

(3) By striking out "$10,000" and inserting in lieu thereof "$11,000."

(i) Section 203 (b) is amended by striking out in paragraph No. (3) the following: "of the character described in paragraph (2) (B) of this subsection" and inserting in lieu thereof the following: "on property approved for insurance prior to the beginning of construction."

(j) Section 203 (b) is amended as follows:

(1) By striking out the period at the end of paragraph (2) (C), inserting in lieu thereof a comma and the word "or," and adding the following new paragraph:

"(D) not to exceed $6,000 and not to exceed 90 percent of the appraised value, as of the date the mortgage is accepted for insurance (or 95 percent if, in the determination of the Administrator, insurance of mortgages involving a principal obligation in such amount under this paragraph would not reasonably be expected to contribute to substantial increases in costs and prices of housing facilities for families of moderate income), of a property, urban, suburban, or rural, upon which there is located a dwelling designed principally for a single-family residence the construction of which is begun after March 31, 1949, and which is approved for mortgage insurance prior to the beginning of construction: *Provided*, That the Administrator may by regulation provide that the principal obligation of any mortgage eligible for insurance under this paragraph shall be fixed at a lesser amount than $6,000 where he finds that for any section of the country or at any time a lower-cost dwelling for families of lower income is feasible without sacrifice of sound standards of construction, design, and livability: *And provided further*, That with respect to mortgages insured under this paragraph the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least 10 percent (or 5 percent, in the case of a 95-percent mortgage insured pursuant to this paragraph (D)) of the appraised value in cash or its equivalent, or shall be the builder constructing the dwelling in which case the principal obligation shall not exceed 85 percent of the appraised value of the property."

(2) By striking out the period at the end of paragraph No. (3), and adding a comma and the following: "or not to exceed 30 years in the case of a mortgage insured under paragraph (2) (D) of this subsection."

(3) By striking out the period at the end of paragraph No. (5), and adding a comma and the following: "or not to exceed 4 percent per annum in the case of a mortgage insured under paragraph (2) (D) of this subsection."

(k) (1) Section 203 (c) is amended (1) by striking out in the last sentence the words "section or section 210" and inserting in lieu thereof the word "title"; and (2) by striking out in said sentence (i) the words "under this section", and (ii) the following: "and a mortgage on the same property is accepted for insurance at the time of such payment,".

(2) Section 603 (c) is amended by striking out in the next to the last sentence the following: "and a mortgage on the same property is accepted for insurance at the time of such payment,".

(l) Section 204 (a) is amended—

(1) By striking out, in the last sentence, the following: "prior to July 1, 1944,";

(2) By inserting between the first and second provisos in the last sentence the following: "*And provided further*, That with respect to mortgages which are accepted for insurance under section 203 (b) (2) (D) or under the second proviso of section 207 (c) (2) of this act, there may be included in the debentures issued by the Administrator on account of the cost of foreclosure (or of acquiring the property by other means) actually paid by the mortgagee and approved by the Administrator an amount, not in excess of two-thirds of such cost or $75 whichever is the greater:".

(m) (1) Section 207 (b) is amended by amending paragraph numbered (1) to read as follows:

"(1) Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or limited dividend or redevelopment or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital struc-

ture, rate of return, or methods of operation; or".

(2) Section 207 (c) is amended by amending the first sentence to read as follows:

"(c) To be eligible for insurance under this section a mortgage on any property or project shall involve a principal obligation in an amount—

"(1) not to exceed $5,000,000, or, if executed by a mortgagor coming within the provisions of paragraph numbered (b) (1) of this section, not to exceed $50,000,000;

"(2) not to exceed 80 percent of the amount which the Administrator estimates will be the value of the property or project when the proposed improvements are completed, including the land; the proposed physical improvements; utilities within the boundaries of the property or project; architects' fees; taxes and interest accruing during construction; and other miscellaneous charges incident to construction and approved by the Administrator: *Provided*, That, except with respect to a mortgage executed by a mortgagor coming within the provisions of paragraph numbered (b) (1) of this section, such mortgage shall not exceed the amount which the Administrator estimates will be the cost of the completed physical improvements on the property or project, exclusive of public utilities and streets and organization and legal expenses; and

"(3) not to exceed $8,100 per family unit for such part of such property or project as may be attributable to dwelling use."

(n) (1) Section 207 (h) is amended by striking out, in paragraph numbered (1), the words "paid to the mortgagor of such property", and inserting in lieu thereof the following: "retained by the Administrator and credited to the Housing Insurance Fund."

(2) Section 204 (f) is amended by inserting in clause numbered (1), immediately preceding the semicolon, the following: "if the mortgage was insured under section 203 and shall be retained by the Administrator and credited to the Housing Insurance Fund if the mortgage was insured under section 207."

TITLE I AMENDMENTS

(o) Section 2 is amended:

(1) By striking out "$165,000,000" in subsection (a) and inserting in lieu thereof "$175,000,000";

(2) By striking out "$3,000" in subsection (b) and inserting in lieu thereof "$4,500";

(3) By striking out the first proviso in the first sentence of subsection (b) and inserting in lieu thereof the following: "*Provided*, That insurance may be granted to any such financial institution with respect to any obligation not in excess of $10,000 and having a maturity not in excess of 7 years and 32 days representing any such loan, advance of credit, or purchase made by it if such loan, advance of credit, or purchase is made for the purpose of financing the alteration, repair, improvement, or conversion of an existing structure used or to be used as a hotel, apartment house, dwelling for two or more families, hospital, orphanage, college, or school:".

(4) By striking out the last sentence of subsection (b).

SEC. 102. In order to aid housing production, the Reconstruction Finance Corporation is authorized to make loans to and purchase the obligations of any business enterprise for the purpose of providing financial assistance for the production of prefabricated houses or prefabricated housing components, or for large-scale modernized site construction. Such loans or purchases shall be made under such terms and conditions and with such maturities as the Corporation may determine: *Provided*, That to the extent that the proceeds of such loans or purchases are used for the purchase of equipment, plant, or machinery the principal obligation shall not exceed 75 percent of the purchase price of such equipment, plant, or machinery: *And provided further*, That the total amount of commitments for loans made and obligations purchased under this section shall not exceed $50,000,000 outstanding at any one time, and no financial assistance shall be extended under this section unless it is not otherwise available on reasonable terms.

SEC. 103. The Servicemen's Readjustment Act of 1944, as amended, is hereby amended by striking out the period at the end of section 500 (b) and inserting in lieu thereof the following: "*And provided further*, That the Administrator, with the approval of the Secretary of the Treasury, may prescribe by regulation a higher maximum rate of interest than otherwise prescribed in this section for loans guaranteed under this title, but not exceeding 4½ percent per annum, if he finds that the loan market demands it."

TITLE II—SECONDARY MARKET FOR GI HOME LOANS AND FEDERAL HOUSING ADMINISTRATION INSURED MORTGAGES

SEC. 201. Section 301 (a) (1) of the National Housing Act, as amended, is amended by striking out the words "which are insured after April 30, 1948, under section 203 or section 603 of this act, or guaranteed under section 501, 502, or 505 (a) of the Servicemen's Readjustment Act of 1944, as amended" and inserting in lieu thereof the words "which are insured after April 30, 1948, under title II, or title VI of this act, or guaranteed after April 30, 1948, under section 501, or section 502, or section 505 (a) of the Servicemen's Readjustment Act of 1944, as amended."

SEC. 202. Paragraph (E) of the proviso of section 301 (a) (1) of the National Housing Act, as amended, is amended by striking out in clause No. (2) the figure "25" and inserting in lieu thereof the figure "50."

TITLE III—HOUSING RESEARCH

SEC. 301. To assist in progressively reducing housing costs and increasing the production of better housing, and in making available necessary data on housing needs, demand, and supply, the Housing and Home Finance Administrator shall—

(a) undertake and conduct a program with respect to technical research and studies to develop, demonstrate, and promote the acceptance and application of new and improved techniques, materials, and methods which will permit progressive reductions in housing construction and maintenance costs, and stimulate the increased and sustained production of housing. Such program may be concerned with improved and standardized building codes and regulations and methods for the more uniform administration thereof, standardized dimensions and methods for the assembly of homebuilding materials and equipment, improved residential design and construction, new and improved types of building materials and equipment, and methods of production, distribution, assembly, and construction, and sound techniques for the testing thereof and for the determination of adequate performance standards, and may relate to appraisal, credit, and other housing market, data, housing needs, demand and supply, finance and investment, land costs, use and improvement, site planning and utilities, zoning and other laws, codes and regulations as they apply to housing, other factors affecting the cost of housing, and related technical and economic research;

(b) prepare and submit to the President and to the Congress estimates of national housing needs and reports with respect to the progress being made toward meeting such needs, and correlate and recommend proposals for such executive action or legislation necessary or desirable for the furtherance of the national housing objective and policy established by this act, together with such other reports or information as may be required of the Administrator by the President or the Congress.

(c) encourage localities to make studies of their own housing needs and markets, along with surveys and plans for housing, urban land use and related community development, and provide, where requested and needed by the localities, technical advice and guidance in the making of such studies, surveys, and plans.

SEC. 302. In carrying out research and studies under this title, the Administrator shall utilize, to the fullest extent feasible, the available facilities of other departments, independent establishments, and agencies of the Federal Government; and the Secretary of Commerce or his designee shall hereafter be included in the membership of the National Housing Council. The Administrator is further authorized, for the purposes of this title, to undertake research and studies cooperatively with agencies of State or local governments, and educational institutions and other nonprofit organizations. The Administrator shall disseminate the results of research and studies undertaken pursuant to this title in such form as may be most useful to industry and to the general public.

SEC. 303. There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this title.

TITLE IV—RENTAL HOUSING AIDS FOR FAMILIES OF MODERATE INCOME AND VETERANS

MORTGAGE INVESTMENT AIDS; VETERANS' COOPERATIVES

SEC. 401. (a) Section 207 (c) of the National Housing Act, as amended, is hereby amended as follows:

(1) By striking out the semicolon and the word "and" at the end of paragraph No. (2) as amended by this act, inserting in lieu thereof a colon, and adding the following new proviso: "*And provided further*, That, notwithstanding any of the provisions of this paragraph No. (2), a mortgage with respect to a project to be constructed in a locality or metropolitan area where, as determined by the Administrator, there is a need for new dwellings for families of lower income at rentals comparable to the rentals proposed to be charged for the dwellings in such project (or, in the case of a mortgage with respect to a project of a nonprofit cooperative ownership housing corporation the permanent occupancy of the dwellings of which is restricted to members of such corporation, or a project constructed by a nonprofit corporation organized for the purpose of construction of homes for members of the corporation, at prices, costs, or charges comparable to the prices, costs, or charges proposed to be charged such members) may involve a principal obligation in an amount not exceeding 90 percent of the amount which the Administrator estimates will be the value of the project when the proposed improvements are completed, except that in the case of a mortgage with respect to a project of a nonprofit cooperative ownership housing corporation whose membership consists primarily of veterans of World War II, the principal obligation may be in an amount not exceeding 95 percent of the amount which the Administrator estimates will be the value of the project when the proposed improvements are completed; and."

(2) By striking out the period at the end of the second sentence, inserting in lieu thereof a comma, and adding the following: "except that with respect to mortgages insured under the provisions of the second proviso of paragraph No. (2) of this subsection, which mortgages are hereby authorized to have a maturity of not exceeding 40 years from the date of the insurance of the mortgage, such interest rate shall not exceed 4 percent per annum."

(3) By adding the following additional sentence at the end thereof: "Such property or project may include such commercial and community facilities as the Administrator deems adequate to serve the occupants."

(b) Section 207 (g) of the National Housing Act, as amended, is hereby amended by striking out the number "2" appearing in clause (ii) and inserting in lieu thereof "1."

(c) Section 207 of the National Housing Act, as amended, is hereby amended by adding the following new paragraph at the end thereof:

"(q) In order to assure an adequate market for mortgages on cooperative-ownership projects and rental-housing projects for families of lower income and veterans of the character described in the second proviso of paragraph numbered (2) of subsection (c) of this section, the powers of the Federal National Mortgage Association, and of any other Federal corporation or other Federal agency hereafter established, to make real-estate loans, or to purchase, service, or sell any mortgages, or partial interests therein, may be utilized in connection with projects of the character described in said proviso."

EQUITY INVESTMENT AIDS

SEC. 402. The National Housing Act, as amended, is hereby amended by adding the following new title:

"TITLE VII—INSURANCE FOR INVESTMENTS IN RENTAL HOUSING FOR FAMILIES OF MODERATE INCOME

"AUTHORITY TO INSURE

"SEC. 701. The purpose of this title is to supplement the existing systems of mortgage insurance for rental housing under this act by a special system of insurance designed to encourage equity investment in rental housing at rents within the capacity of families of moderate income. To effectuate this purpose, the Administrator is authorized, upon application by the investor, to insure as hereinafter provided, and, prior to the execution of insurance contracts and upon such terms as the Administrator shall prescribe, to make commitments to insure, the minimum annual amortization charge and an annual return on the outstanding investment of such investor in any project which is eligible for insurance as hereinafter provided in an amount (herein called the 'insured annual return') equal to such rate of return, not exceeding 2¾ percent per annum, on such outstanding investment as shall, after consultation with the Secretary of the Treasury, be fixed in the insurance contract or in the commitment to insure: *Provided*, That any insurance contract made pursuant to this title shall expire as of the first day of the operating year for which the outstanding investment amounts to not more than 10 percent of the established investment: *And provided further*, That the aggregate amount of contingent liabilities outstanding at any one time under insurance contracts and commitments to insure made pursuant to this title shall not exceed $1,000,000,000.

"ELIGIBILITY

"SEC. 702. (a) To be eligible for insurance under this title, a project shall meet the following conditions:

"(1) The Administrator shall be satisfied that there is, in the locality or metropolitan area of such project, a need for new rental dwellings at rents comparable to the rents proposed to be charged for the dwellings in such project.

"(2) Such project shall be economically sound, and the dwellings in such project shall be acceptable to the Administrator as to quality, design, size, and type.

"(b) Any insurance contract executed by the Administrator under this title shall be conclusive evidence of the eligibility of the project and the investor for such insurance, and the validity of any insurance contract so executed shall be incontestable in the hands of an investor from the date of the execution of such contract, except for fraud or misrepresentation on the part of such investor.

"PREMIUMS AND FEES

"SEC. 703. (a) For insurance granted pursuant to this title the Administrator shall fix and collect a premium charge in an amount not exceeding one-half of 1 percent of the outstanding investment for the operating year for which such premium charge is payable without taking into account the excess earnings, if any, applied, in addition to the minimum annual amortization charge, to amortization of the outstanding investment. Such premium charge shall be payable annually in advance by the investor, either in cash or in debentures issued by the Administrator under this title at par plus accrued interest: *Provided*, That, if in any operating year the gross income shall be less than the operating expenses, the premium charge payable during such operating year shall be waived, but only to the extent of the amount of the difference between such expenses and such income and subject to subsequent payment out of any excess earnings as hereinafter provided.

"(b) With respect to any project offered for insurance under this title, the Administrator is authorized to charge and collect reasonable fees for examination, and for inspection during the construction of the project: *Provided*, That such fees shall not aggregate more than one-half of 1 percent of the estimated investment.

"RENTS

"SEC. 704. The Administrator shall require that the rents for the dwellings in any project insured under this title shall be established in accordance with a rent schedule approved by the Administrator, and that the investor shall not charge or collect rents for any dwellings in the project in excess of the appropriate rents therefor as shown in the latest rent schedule approved pursuant to this section. Prior to approving the initial or any subsequent rent schedule pursuant to this section, the Administrator shall find that such schedule affords reasonable assurance that the rents to be established thereunder are (1) not lower than necessary, together with all other income to be derived from or in connection with the project, to produce reasonably stable revenues sufficient to provide for the payment of the operating expenses, the minimum annual amortization charge, and the minimum annual return; and (2) not higher than necessary to meet the need for dwellings for families of moderate income.

"EXCESS EARNINGS

"SEC. 705. For all of the purposes of any insurance contract made pursuant to this title, 50 percent of the excess earnings, if any, for any operating year may be applied, in addition to the minimum annual return, to return on the outstanding investment but only to the extent that such application thereof does not result in an annual return of more than 5 percent of the outstanding investment for such operating year, and the balance of any such excess earnings shall be applied, in addition to the minimum annual amortization charge, to amortization of the outstanding investment: *Provided*, That if in any preceding operating years the gross income shall have been less than the operating expenses, such excess earnings shall be applied to the extent necessary in whole or in part, first, to the reimbursement of the amount of the difference between such expenses (exclusive of any premium charges previously waived hereunder) and such income, and, second, to the payment of any premium charges previously waived hereunder.

"FINANCIAL STATEMENTS

"SEC. 706. With respect to each project insured under this title, the Administrator shall provide that, after the close of each operating year, the investor shall submit to him for approval a financial and operating statement covering such operating year. If any such financial and operating statement shall not have been submitted or, for proper cause, shall not have been approved by the Administrator, payment of any claim submitted by the investor may, at the option of the Administrator, be withheld, in whole or in part, until such statement shall have been submitted and approved.

"PAYMENT OF CLAIMS

"SEC. 707. If in any operating year the net income of a project insured under this title is less than the aggregate of the minimum annual amortization charge and the insured annual return, the Administrator, upon submission by the investor of a claim for the payment of the amount of the difference between such net income and the aggregate of the minimum annual amortization charge and the insured annual return and after proof of the validity of such claim, shall pay to the investor, in cash from the Housing Investment Insurance Fund, the amount of such difference, as determined by the Administrator, but not exceeding, in any event, an amount equal to the aggregate of the minimum annual amortization charge and the insured annual return.

"DEBENTURES

"SEC. 708. (a) If the aggregate of the amounts paid to the investor pursuant to section 707 hereof with respect to a project insured under this title shall at any time equal or exceed 15 percent of the established investment, the Administrator thereafter shall have the right, after written notice to the investor of his intention so to do, to acquire, as of the first day of any operating year, such project in consideration of the issuance and delivery to the investor of debentures having a total face value equal to 90 percent of the outstanding investment for such operating year. In any such case the investor shall be obligated to convey to said Administrator title to the project which meets the requirements of the rules and regulations of the Administrator in force at the time the insurance contract was executed and which is evidenced in the manner prescribed by such rules and regulations, and, in the event that the investor fails so to do, said Administrator may, at his option, terminate the insurance contract.

"(b) If in any operating year the aggregate of the differences between the operating expenses (exclusive of any premium charges previously waived hereunder) and the gross income for the preceding operating years, less the aggregate of any deficits in such operating expenses reimbursed from excess earnings as hereinbefore provided, shall at any time equal or exceed 5 percent of the established investment, the investor shall thereafter have the right, after written notice to the Administrator of his intention so to do, to convey to the Administrator, as of the first day of any operating year, title to the project which meets the requirements of the rules and regulations of the Administrator in force at the time the insurance contract was executed and which is evidenced in the manner prescribed by such rules and regulations, and to receive from the Administrator debentures having a total face value equal to 90 percent of the outstanding investment for such operating year.

"(c) Any difference, not exceeding $50, between 90 per centum of the outstanding investment for the operating year in which a project is acquired by the Administrator pursuant to this section and the total face value of the debentures to be issued and delivered to the investor pursuant to this section shall be adjusted by the payment of cash by the Administrator to the investor from the Housing Investment Insurance Fund.

"(d) Upon the acquisition of a project by the Administrator pursuant to this section, the insurance contract shall terminate.

"(e) Debentures issued under this title to any investor shall be executed in the name of the Housing Investment Insurance Fund as obligor, shall be signed by the Administrator, by either his written or engraved signature, and shall be negotiable. Such debentures shall be dated as of the first day of the operating year in which the project for which such debentures were issued was acquired by the Administrator, shall bear interest at a rate to be determined by the Administrator, with the approval of the Secretary of the Treasury, at the time the insurance contract was executed, but not to exceed 2¾ per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature on the 1st day of July in such calendar year or years, not later than the fortieth following the date of the issuance thereof, as shall be determined by the Administrator and stated on the face of such debentures.

"(f) Such debentures shall be in such form and in such denominations in multiples of $50, shall be subject to such terms and conditions, and may include such provisions for redemption as shall be prescribed by the Administrator, with the approval of the Secretary of the Treasury, and may be issued in either coupon or registered form.

"(g) Such debentures shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United States, or by the District of Columbia, or by any State, county, municipality, or local taxing authority, shall be payable out of the Housing Investment Insurance Fund, which shall be primarily liable therefor, and shall be fully and unconditionally guaranteed, as to both the principal thereof and the interest thereon, by the United States, and such guaranty shall be expressed on the face thereof. In the event that the Housing Investment Insurance Fund fails to pay upon demand, when due, the principal of or the interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof, which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

"(h) Notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real and other property by the United States, the Administrator shall have power, for the protection of the housing investment insurance fund, to pay out of said fund all expenses or charges in connection with, and to deal with, complete, reconstruct, rent, renovate, modernize, insure, make contracts for the management of, or establish suitable agencies for the management of, or sell for cash or credit or lease in his discretion, in whole or in part, any project acquired pursuant to this title; and, notwithstanding any other provisions of law, the Administrator shall also have power to pursue to final collection by way of compromise or otherwise all claims acquired by, or assigned or transferred to, him in connection with the acquisition or disposal of any project pursuant to this title: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of any project acquired pursuant to this title if the amount of such purchase or contract does not exceed $1,000.

"TERMINATION

"SEC. 709. The investor, after written notice to the Administrator of his intention so to do, may terminate, as of the close of any operating year, any insurance contract made pursuant to this title. The Administrator shall prescribe the events and conditions under which said Administrator shall have the option to terminate any insurance contract made pursuant to this title, and the events and conditions under which said Administrator may reinstate any insurance contract terminated pursuant to this section or section 708 (a). If any insurance contract is terminated pursuant to this section, the Administrator may require the investor to pay an adjusted premium charge in such amount as the Administrator determines to be equitable, but not in excess of the aggregate amount of the premium charges which such investor otherwise would have been required to pay if such insurance contract had not been so terminated.

"INSURANCE FUND

"SEC. 710. There is hereby created a housing investment insurance fund which shall be used by the Administrator as a revolving fund for carrying out the provisions of this title and for administrative expenses in connection therewith. For this purpose, the Secretary of the Treasury shall make available to the Administrator such funds as the Administrator shall deem necessary, but not to exceed $10,000,000, which amount is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated. Premium charges, adjusted premium charges, inspection and other fees, service charges, and any other income received by the Administrator under this title, together with all earnings on the assets of such housing investment insurance fund, shall be credited to said fund. All payments made pursuant to claims of investors with respect to projects insured under this title, cash adjustments, the principal of and interest on debentures issued under this title, expenses incurred in connection with or as a consequence of the acquisition and disposal of projects acquired under this title, and all administrative expenses in connection with this title, shall be paid from said fund. The faith of the United States is solemnly pledged to the payment of all approved claims of investors with respect to projects insured under this title, and, in the event said fund fails to make any such payment when due, the Secretary of the Treasury shall pay to the investor the amount thereof, which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated. Moneys in the housing investment insurance fund not needed for current operations under this title shall be deposited with the Treasurer of the United States to the credit of said fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by, the United States. The Administrator may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under this title. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

"TAXATION PROVISIONS

"SEC. 711. Nothing in this title shall be construed to exempt any real property acquired and held by the Administrator under this title from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

"RULES AND REGULATIONS

"SEC. 712. The Administrator may make such rules and regulations as may be necessary or desirable to carry out the provisions of this title, including, without limiting the foregoing, rules and regulations relating to the maintenance by the investor or books, records, and accounts with respect to the project and the examination of such books, records, and accounts by representatives of the Administrator; the submission of financial and operating statements and the approval thereof; the submission of claims for payments under insurance contracts, the proof of the validity of such claims, and the payment or disallowance thereof; the increase of the established investment if the investor shall make capital improvements or additions to the project; the decrease of the established investment if the investor shall sell part of the project; and the reduction of the outstanding investment for the appropriate operating year or operating years pending the restoration of dwelling or nondwelling facilities damaged by fire or other casualty. With respect to any investor which is subject to supervision or regulation by a State banking, insurance, or other State department or agency, the Administrator may, in carrying out any of his supervisory and regulatory functions with respect to projects insured under this title, utilize, contract with, and act through, such department or agency and without regard to section 3709 of the Revised Statutes.

"DEFINITIONS

"SEC. 713. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

"(a) 'Investor' shall mean (1) any natural person; (2) any group of not more than 10 natural persons; (3) any corporation, company, association, trust, or other legal entity; or (4) any combination of 2 or more corporations, companies, associations, trusts, or other legal entities, having all the powers necessary to comply with the requirements of this title, which the Administrator (i) shall find to be qualified by business experience and facilities, to afford assurance of the necessary continuity of long-term investment, and to have available the necessary capital required for long-term investment in the project, and (ii) shall approve as eligible for insurance under this title.

"(b) 'Project' shall mean a project (including all property, real and personal, contracts, rights, and choses in action acquired, owned, or held by the investor in connection therewith) or an investor designed and used primarily for the purpose of providing dwellings the occupancy of which is permitted by the investor in consideration of agreed charges: *Provided*, That nothing in this title shall be construed as prohibiting the inclusion in a project of such stores, offices, or other commercial facilities, recreational or community facilities, or other nondwelling facilities as the Administrator shall determine to be necessary or desirable appurtenances to such project.

"(c) 'Estimated investment' shall mean the estimated cost of the development of the project, as stated in the application submitted to the Administrator for insurance under this title.

"(d) 'Established investment' shall mean the amount of the reasonable costs, as approved by the Administrator, incurred by the investor in, and necessary for, carrying out all works and undertakings for the development of a project and shall include the premium charge for the first operating year and the cost of all necessary surveys, plans, and specifications, architectural, engineering, or other special services, land acquisition, site preparation, construction, and equipment; a reasonable return on the funds of the investor paid out in course of the development of the project, up to and including the initial occupancy date; necessary expenses in connection with the initial occupancy of the project; and the cost of such other items as the Administrator shall determine to be necessary for the development of the project, (1) less the amount by which the rents and

revenues derived from the project up to and including the initial occupancy date exceeded the reasonable and proper expenses, as approved by the Administrator, incurred by the investor in, and necessary for, operating and maintaining said project up to and including the initial occupancy date, or (2) plus the amount by which such expenses exceeded such rents and revenues, as the case may be.

"(e) 'Physical completion date' shall mean the last day of the calendar month in which the Administrator determines that the construction of the project is substantially completed and substantially all of the dwellings therein are available for occupancy.

"(f) 'Initial occupancy date' shall mean the last day of the calendar month in which 90 percent in number of the dwellings in the project on the physical completion date shall have been occupied, but shall in no event be later than the last day of the sixth calendar month next following the physical completion date.

"(g) 'Operating year' shall mean the period of 12 consecutive calendar months next following the initial occupancy date and each succeeding period of 12 consecutive calendar months, and the period of the first 12 consecutive calendar months next following the initial occupancy date shall be the first operating year.

"(h) 'Gross income' for any operating year shall mean the total rents and revenues and other income derived from, or in connection with, the project during such operating year.

"(i) 'Operating expenses' for any operating year shall mean the amounts, as approved by the Administrator, necessary to meet the reasonable and proper costs of, and to provide for, operating and maintaining the project, and to establish and maintain reasonable and proper reserves for repairs, maintenance, and replacements, and other necessary reserves during such operating year, and shall include necessary expenses for real-estate taxes, special assessments, premium charges made pursuant to this title, administrative expenses, the annual rental under any lease pursuant to which the real property comprising the site of the project is held by the investor, and insurance charges, together with such other expenses as the Administrator shall determine to be necessary for the proper operation and maintenance of the project, but shall not include income taxes.

"(j) 'Net income' for any operating year shall mean gross income remaining after the payment of the operating expenses.

"(k) 'Minimum annual amortization charge' shall mean an amount equal to 2 percent of the established investment, except that, in the case of a project where the real property comprising the site thereof is held by the investor under a lease, if (notwithstanding the proviso of section 703 (a) hereof) the gross income for any operating year shall be less than the amount required to pay the operating expenses (including the annual rental under such lease), the minimum annual amortization charge for such operating year shall mean an amount equal to 2 percent of the established investment plus the amount of the annual rental under such lease to the extent that the same is not paid from the gross income.

"(l) 'Annual return' for any operating year shall mean the net income remaining after the payment of the minimum annual amortization charge.

"(m) 'Insured annual return' shall have the meaning ascribed to it in section 701 hereof.

"(n) 'Minimum annual return' for any operating year shall mean an amount equal to 3½ percent of the outstanding investment for such operating year.

"(o) 'Excess earnings' for any operating year shall mean the net income derived from a project in excess of the minimum annual amortization charge and the minimum annual return.

"(p) 'Outstanding investment' for any operating year shall mean the established investment, less an amount equal to (1) the aggregate of the minimum annual amortization charge for each preceding operating year, plus (2) the aggregate of the excess earnings, if any, during each preceding operating year applied, in addition to the minimum annual amortization charge, to amortization in accordance with the provisions of section 705 hereof."

SEC. 403. Sections 1 and 5 of the National Housing Act, as amended, are hereby amended by striking out "titles II, III, and VI" wherever they appear in said sections and inserting in lieu thereof "titles II, III, VI, and VII."

TITLE V—SLUM CLEARANCE AND URBAN REDEVELOPMENT

LOCAL RESPONSIBILITY TO AID HOUSING COST REDUCTIONS

SEC. 501. In extending financial assistance under this title, the Administrator shall give consideration to the extent to which the appropriate local public bodies have undertaken a positive program of encouraging housing cost reductions through the adoption, improvement, and modernization of building and other local codes and regulations so as to permit the use of appropriate new materials, techniques, and methods in land and residential planning, design, and construction, the increase of efficiency in residential construction, and the elimination of restrictive practices which unnecessarily increase housing costs.

LOANS

SEC. 502. (a) To assist local communities in eliminating their slums and blighted areas and in providing maximum opportunity for the redevolcpment of project areas by private enterprise, the Administrator may make temporary and definitive loans to local public agencies for the undertaking of projects for the assembly, clearance, preparation, and sale and lease of land for redevelopment. Such loans (outstanding at any one time) shall be in such amounts not exceeding the expenditures made by the local public agency as part of gross project cost, bear interest at such rate (not less than the applicable going Federal rate), be secured in such manner, and be repaid within such period (not exceeding forty-five years from the date of the notes or bonds evidencing the loans), as may be deemed advisable by the Administrator. Such loans may be made subject to the condition that, if at any time or for any period during the life of the loan contract, the local public agency can obtain loan funds from sources other than the Federal Government at an interest rate lower than provided in the loan contract, it may do so with the consent of the Administrator at such time and for such period without waiving or surrendering any rights to loan funds under the contract for the remainder of the life of such contract, and, in any such case, the Administrator is authorized to consent to a pledge by the local public agency of the loan contract, and any or all of its rights thereunder, as security for the repayment of the loan funds so obtained from other sources.

(b) To obtain funds for loans under this title, the Administrator may, on and after the 1st day of July 1948, issue and have outstanding at any one time notes and other obligations for purchase by the Secretary of the Treasury, in an amount not to exceed $10,000,000, which limit on such outstanding amount shall be increased by $200,000,000 on the 1st day of July 1949, and by further amounts of $200,000,000 on the 1st day of July in each of the years 1950, 1951, 1952, and 1953, respectively.

(c) Notes or other obligations issued by the Administrator under this title shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator issued under this title and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

(d) Obligations, including interest thereon, issued by local public agencies for projects undertaken pursuant to this title, and the income derived by such agencies from such projects, shall be exempt from all taxation now or hereafter imposed by the United States.

CAPITAL GRANTS

SEC. 503. (a) The Administrator may make capital grants to local public agencies to enable such agencies to make land in project areas available for redevelopment at its fair value for the uses specified in the redevelopment plans. The aggregate of such capital grants with respect to all the projects of a local public agency which are assisted under this title shall not exceed two-thirds of the aggregate of the net project cost, and the capital grants with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid required with respect to the project pursuant to section 504.

(b) The Administrator may, on and after the 1st day of July 1948, contract to make capital grants with respect to projects to be assisted pursuant to this title aggregating not more than $100,000,000, which limit shall be increased by further amounts of $100,000,000 on the 1st day of July in each of the years 1949, 1950, 1951, and 1952, respectively. Such contracts for capital grant shall be made subject to the condition that no funds shall be disbursed by the local public agency prior to July 1, 1949, in payment for the purchase of land in connection with the project being assisted under the contract. The faith of the United States is solemnly pledged to the payment of all capital grants contracted for under this title, and there are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments.

REQUIREMENTS FOR LOCAL GRANTS-IN-AID

SEC. 504. Every contract for capital grant under this title shall require local grants-in-aid in connection with the project involved which, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency on which such contracts have theretofore been made, will be at least equal to one-third of the aggregate net project costs involved (it being the purpose of this provision and section 503 to limit the aggregate of the capital grants made by the Administrator with respect to all the projects of a local public agency which are assisted under this title to an amount not exceeding

two-thirds of the difference between the aggregate of the gross project costs of all such projects and the aggregate of the total sales prices and capital values referred to in section 510 (f) of land in such projects).

LOCAL DETERMINATIONS AND RESPONSIBILITIES

SEC. 505. Contracts for financial aid shall be made only with a duly authorized local public agency and shall require that—

(1) the redevelopment plan for the project area be approved by the governing body of the locality in which the project is situated, and that such approval include findings by the governing body that (i) the financial aid to be provided in the contract is necessary to enable the land in the project area to be redeveloped in accordance with the redevelopment plan; (ii) the redevelopment plans for the redevelopment areas in the locality will afford maximum opportunity, consistent with the sound needs of the locality as a whole, for the redevelopment of such areas by private enterprise; and (iii) the redevelopment plan conforms to a general plan for the development of the locality as a whole;

(2) when land acquired or held by the local public agency in connection with the project is sold or leased, the purchasers or lessees shall be obligated (i) to devote such land to the uses specified in the redevelopment plan for the project area; (ii) to begin the building of their improvements on such land within a reasonable time; and (iii) to comply with such other conditions as the Administrator finds are necessary to carry out the purposes of this title;

(3) there be a feasible method for the temporary relocation of families displaced from the project area, and that there are available or are being provided, in the project area or in other areas not less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families displaced from the project area, decent, safe, and sanitary dwellings equal in number to the number of such displaced families: *Provided*, That, in view of the existing acute housing shortage, each such contract shall further provide that there shall be no demolition of residential structures in connection with the project assisted under the contract prior to July 1, 1950, if in the opinion of the local governing body such demolition would result in undue hardship for the occupants of the structures.

GENERAL PROVISIONS

SEC. 506. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator, notwithstanding any other law, shall—

(1) appoint a Director of Urban Redevelopment to administer under his general supervision the provisions of this title;

(2) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended as of the date of enactment of this act;

(3) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended as of the date of enactment of this act, and no other audit shall be required: *Provided*, That such financial transactions of the Administrator as the making of loans and capital grants and vouchers approved by the Administrator in connection with such financial transactions shall be final and conclusive upon all officers of the Government;

(4) make an annual report to the President, for transmission to the Congress, for each fiscal year, ending on June 30, to be transmitted not later than January 15 following the close of the fiscal year for which such report is made.

(b) Funds made available to the Administrator pursuant to the provisions of this title shall be deposited in a checking account or accounts with the Treasurer of the United States. Receipts and assets obtained or held by the Administrator in connection with the performance of his functions under this title shall be available for any of the purposes of this title, and all funds available for carrying out the functions of the Administrator under this title (including appropriations therefor, which are hereby authorized) shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Administrator in connection with the performance of such functions.

(c) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator, notwithstanding the provisions of any other law, may—

(1) sue and be sued;

(2) foreclose on any property or commence any action to protect or enforce any right conferred upon him by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any project or part thereof in connection with which he has made a loan or capital grant pursuant to this title. In the event of any such acquisition, the Administrator may complete, administer, dispose of, and otherwise deal with, such project or part thereof: *Provided*, That any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil jurisdiction in and over such property or impair the civil rights under the State or local law of the inhabitants on such property;

(3) enter into agreements to pay annual sums in lieu of taxes to any State or local taxing authority with respect to any real property so acquired and owned;

(4) sell or exchange at public or private sale, or lease, real or personal property, and sell or exchange any securities or obligations, upon such terms as he may fix;

(5) obtain insurance against loss in connection with property and other assets held;

(6) subject to the specific limitations in this title, consent to the modification, with respect to rate of interest, time of payment of any installment of principal or interest, security, amount of capital grant, or any other term, of any contract or agreement to which he is a party or which has been transferred to him pursuant to this title;

(7) include in any contract or instrument made pursuant to this title such other covenants, conditions, or provisions as he may deem necessary to assure that the purposes of this title will be achieved. No provision of this title shall be construed or administered to permit speculation in land holding.

(d) Section 3709 of the Revised Statutes shall not apply to any contract for services or supplies on account of any property acquired pursuant to this title if the amount of such contract does not exceed $1,000.

SEC. 507. If the land for a low-rent housing project assisted under the United States Housing Act of 1937, as amended, is made available from a project assisted under this title, payment equal to the fair value of the land for the uses specified in accordance with the redevelopment plan shall be made therefor by the public housing agency undertaking the housing project, and such amount shall be included as part of the development cost of the low-rent housing project.

SEC. 508. The President may at any time, in his discretion, transfer to the Administrator any right, title, or interest held by the Federal Government or any department or agency thereof in any land (including buildings thereon) which is surplus to the needs of the Government and which a local public agency certifies will be within the area of a project being planned by it. When such land is sold to the local public agency by the Administrator, it may be sold at a price equal to its fair value for the uses specified in accordance with the redevelopment plan: *Provided*, That the proceeds from such sale shall be covered into the Treasury as miscellaneous receipts.

PROTECTION OF LABOR STANDARDS

SEC. 509. In order to protect labor standards—

(1) any contract for financial aid pursuant to this title shall contain a provision requiring that the wages or fees prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Secretary of Labor, shall be paid by any contractor engaged on the project involved; and the Administrator may require certification as to compliance with the provisions of this paragraph prior to making any payment under such contract;

(2) the provisions of sections 1 and 2 of the act of June 13, 1934 (U. S. C., 1940 ed., title 40, secs. 276b and 276c), shall apply to any project financed in whole or in part with funds made available pursuant to this title;

(3) any contractor engaged on any project financed in whole or in part with funds made available pursuant to this title shall report quarterly to the Secretary of Labor, and shall cause all subcontractors to report in like manner, within 15 days after the close of each quarter and on forms to be furnished by the United States Department of Labor, as to the number of persons on their respective pay rolls on the particular project, the aggregate amount of such pay rolls, the total man-hours worked, and itemized expenditures for materials. Any such contractor shall furnish to the Department of Labor the names and addresses of all subcontractors on the work at the earliest date practicable.

DEFINITIONS

SEC. 510. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

(a) "Redevelopment area" means an area within which a project area is located and of such extent and location that the total area is appropriate for development or redevelopment.

(b) "Redevelopment plan" means a plan, as it exists from time to time, for the development or redevelopment of a redevelopment or project area, which plan shall be sufficiently complete (1) to indicate its relationship to definite local objectives as to appropriate land uses and improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements, and (2) to indicate proposed land uses and building requirements in the project area: *Provided*, That the Administrator shall take such steps as he deems necessary to assure consistency between the redevelopment plan and any highways or other public improvements in the locality receiving financial assistance from the Federal Works Agency.

(c) "Project" may include (1) acquisition of land within (i) a slum area or other deteriorated or deteriorating area which is predominantly residential in character, or (ii) any other area which is to be developed or redeveloped for predominantly residential uses and which prior to such development or redevelopment constitutes a deteriorated or deteriorating area or open urban land which because of obsolete platting or otherwise impairs the sound growth of the community or open suburban land essential for sound community growth; (2) demolition and removal of buildings and improvements; (3)

installation, construction, or reconstruction of streets, utilities, and other site improvements essential to the preparation of sites for uses in accordance with the redevelopment plan; and (4) making the land available for development or redevelopment by private enterprise or public agencies (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the redevelopment plan. For the purposes of this title, the term "project" shall not include the construction of any of the buildings contemplated by the redevelopment plan, and the term "redevelop" and derivatives thereof shall mean develop as well as redevelop.

(d) "Local grants-in-aid" shall mean assistance by a State, municipality, or other public body, or any other entity, in the form of (1) cash grants; (2) donations, at their cash value, of land, demolition or removal work, or site improvements in the project area; and (3) the cost or cash value of the provision by a muncipality or other public body of parks, playgrounds, and public buildings or facilities (other than low-rent public housing) which are primarily of direct benefit to the project and which are necessary to serve or support the new uses of land in the project area in accordance with the redevelopment plan.

(e) "Gross project cost" shall comprise (1) the amount of the expenditures by the local public agency with respect to any and all undertakings necessary to carry out the project (including the payment of carrying charges, but not beyond the point where the project is completed), and (2) such local grants-in-aid as are furnished in forms other than cash.

(f) "Net project cost" shall mean the difference between the gross project cost and the aggregate of (1) the total sales prices of all land sold, and (2) the total capital values (i) imputed, on a basis approved by the Administrator, to all land leased, and (ii) used as a basis for determining the amounts to be transferred to the project from other funds of the local public agency to compensate for any land retained by it for use in accordance with the redevelopment plan

(g) "Going Federal rate" means the annual rates of interest (or, if there shall be two or more such rates of interest, the lowest thereof) specified in the most recently issued bonds of the Federal Government having a maturity of 20 years or more, determined at the date the contract for loan is made. Any contract for loan made may be revised or superseded by a later contract, so that the going Federal rate, on the basis of which the interest rate on the loan is fixed, shall mean the going Federal rate, as herein defined, on the date that such contract is revised or superseded by such later contract.

(h) "Local public agency" means any State, county, municipality, or other governmental entity or public body which is authorized to undertake the project for which assistance is sought. "State" includes the several States, the District of Columbia, and the Territories, dependencies, and possessions of the United States.

(i) "Administrator" means the Housing and Home Finance Administrator.

TITLE VI—LOW-RENT HOUSING

LOCAL RESPONSIBILITIES AND DETERMINATIONS; TENANCY ONLY BY LOW-INCOME FAMILIES

SEC. 601. (a) The United States Housing Act of 1937, as amended, is hereby amended by adding the following additional subsections to section 15:

"(7) In recognition that there should be local determination of the need for public low-rent housing, the Authority shall not make any contract for financial assistance pursuant to this act with respect to any urban low-rent housing initiated after July 1, 1948—

"(a) unless the public housing agency has submitted an analysis of the local housing market demonstrating to the satisfaction of the Authority (i) that there is a need for such low-rent housing which cannot be met by private enterprise; and (ii) that a gap of at least 20 percent has been left between the upper rental limits for admission to the proposed low-rent housing and the lowest rents at which private enterprise is providing (through new construction and existing structures) a substantial supply of decent, safe, and sanitary housing toward meeting the need of an adequate volume thereof; and

"(b) unless the governing body of the locality involved has approved the provision of such low-rent housing, and the contract for financial assistance provides that the Authority shall approve the maximum income limits to be fixed with respect to the admission and continued occupany of families in such housing, and that such maximum income limits as so approved shall at no time be changed without the prior approval of the Authority.

"(8) Every contract made pursuant to this act for annual contributions for urban low-rent housing projects initiated after July 1, 1948, shall provide that a duly authorized official of the public housing agency involved shall make periodic written statements to the Authority that an investigation has been made of each family admitted to the low-rent housing project involved during the period covered thereby, and that, on the basis of the report of said investigation, he has found that each such family at the time of its admission (a) lived in an unsafe, insanitary, or overcrowded dwelling or had been displaced by a slum-clearance or land assembly and clearance project or by off-site elimination in compliance wtih the equivalent elimination requirement hereof, and (b) had a net family income not exceeding the maximum income limits theretofore fixed by the public housing agency (and approved by the Authority) for admission of families of low income to such housing: *Provided*, That the requirement in (a) shall not be applicable in the case of the family of any veteran or serviceman (or of any deceased veteran or serviceman) where application for admission to such housing is made not later than 5 years after July 1, 1948.

"(9) Every contract made pursuant to this act for annual contributions for urban low-rent housing projects initiated after July 1, 1948, shall require that the public housing agency make periodic reexaminations of the net incomes of families living in the low-rent housing project involved; and if it is found, upon such reexamination, that the net incomes of any families have increased beyond the maximum income limits theretofore fixed by the public housing agency (and approved by the Authority) for continued occupany in such housing, such families shall be required to move from the project.

"(10) Every contract made pursuant to this act for annual contributions for urban low-rent housing projects initiated after July 1, 1948, shall require that, as between families of equally low income otherwise eligible for admission to such housing, the public housing agency shall not discriminate against any such families because their incomes are derived, in whole or in part, from public assistance. In selecting tenants the question of greatest need shall be given due consideration."

(b) Notwithstanding any other provisions of law except provisions of law hereafter enacted expressly in limitation hereof, the Public Housing Administration, and any State or local public agency administering a low-rent housing project assisted pursuant to the United States Housing Act of 1937 or title II of Public Law 671, Seventy-sixth Congress, approved June 28, 1940, shall continue to have the right to maintain an action or proceeding to recover possession of any housing accommodations operated by it under said acts where such action is authorized by the statute or regulations under which such housing accommodations are administered.

VETERANS' PREFERENCE

SEC. 602. The United States Housing Act of 1937, as amended, is hereby amended as follows:

(a) By adding the following new subsection to section 10:

"(g) Every contract made pursuant to this act for annual contributions for low-rent housing projects initiated after July 1, 1948, shall require that the public housing agency in selecting tenants shall give preference, as among applicants eligible for occupancy of the dwelling and at the rent involved, to families of veterans and servicemen (including families of deceased veterans or servicemen), where application for admission to such housing is made not later than 5 years after July 1, 1948. As among applicants entitled to the preference provided in this subsection, first preference shall be given to families of disabled veterans whose disability is service-connected."

(b) By adding the following new subsection to section 2:

"(14) The term 'veteran' shall mean a person who has served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to July 26, 1947, and who shall have been discharged or released therefrom under conditions other than dishonorable. The term 'serviceman' shall mean a person in the active military or naval service of the United States who has served therein on or after September 16, 1940, and prior to July 26, 1947."

(c) By adding the following sentence at the end of section 2 (1): "In determining net income for the purposes of tenant eligibility, the Authority is authorized, where it finds such action equitable and in the public interest, to exclude amounts or portions thereof paid by the United States Government as pension or other compensation for disability or death occurring in connection with military service."

COST LIMITS

SEC. 603. The first sentence of section 15 (5) of the United States Housing Act of 1937, as amended, is hereby amended to read as follows: "No contract for any loan, annual contribution, or capital grant made pursuant to this act shall be entered into by the Authority with respect to any low-rent housing project completed after January 1, 1948, having a cost for construction and equipment of more than $1,250 per room (excluding land, demolition, and nondwelling facilities); except that in any city or metropolitan district, as defined by the Bureau of the Census, the population of which exceeds 500,000 and in Alaska, any such contract may be entered into with respect to a project having a cost of construction and equipment of not to exceed $1,500 per room ($2,200 per room in the case of Alaska), excluding land, demolition, and nondwelling facilities, if in the opinion of the Authority such higher cost per room is justified by reason of higher costs of labor and materials and other construction costs: *Provided*, That if the Administrator with respect to any contract for financial assistance made before December 31, 1951, finds that in the geographical area of the low-rent housing project involved (i) it is not feasible under the aforesaid cost limitations to construct the project without sacrifice of sound standards of construction, design, and livability, and (ii) there is an acute need for such hous-

ing, he may prescribe in such contract cost limitations which may exceed by not more than $250 per room the limitations that would otherwise be applicable to such project hereunder."

PRIVATE FINANCING

SEC. 604. In order to stimulate increasing private financing of low-rent housing and slum-clearance projects, the United States Housing Act of 1937, as amended, is hereby amended as follows:

(1) The last proviso of subsection (b) of section 10 is repealed, and subsection (f) of said section is amended to read as follows: "Payments under annual contributions contracts shall be pledged as security for any loans obtained by a public housing agency to assist the development or acquisition of the housing project to which the annual contributions relate."

(2) The following is added after section 21:

"PRIVATE FINANCING

"SEC. 22. To facilitate the enlistment of private capital through the sale by public housing agencies of their bonds and other obligations to others than the Authority, in financing low-rent housing and slum-clearance projects, and to maintain the low-rent character of housing projects—

"(a) Every contract for annual contributions (including contracts which amend or supersede contracts previously made) may provide that—

"(1) upon the occurrence of a substantial default in respect of the covenants or conditions to which the public housing agency is subject (as such substantial default shall be defined in such contract), the public housing agency shall be obligated to convey to the Authority the project, as then constituted, to which such contract relates;

"(2) the Authority shall agree to reconvey the project, as constituted at the time of reconveyance, to the public housing agency by which it shall have been so conveyed or to its successor (if such public housing agency or a successor exists) upon such terms as shall be prescribed in such contract and as soon as practicable: (i) after the Authority shall be satisfied that all defaults with respect to the project have been cured, and that the project will, in order to fulfill the purposes of this act, thereafter be operated in accordance with the terms of such contract; or (ii) after the termination of the obligation to make annual contributions available unless there are any obligations or covenants of the public housing agency to the Authority which are then in default. Any prior conveyances and reconveyances shall not exhaust the right to require a conveyance of the project to the Authority pursuant to subparagraph (1), upon the subsequent occurrence of a substantial default.

"(b) Whenever such contract for annual contributions shall include provisions which the Authority, in said contract, determines are in accordance with subsection (a) hereof, and the annual contributions, pursuant to such contract, have been pledged by the public housing agency as security for the payment of the principal and interest on any of its obligations, the Authority (notwithstanding any other provisions of this act) shall continue to make annual contributions available for the project so long as any of such obligations remain outstanding and may covenant in such contract that in any event such annual contributions shall in each year be at least equal to an amount which, together with such income or other funds as are actually available from the project for the purpose at the time such annual contribution is made, will suffice for the payment of all installments, falling due within the next succeeding 12 months, of principal and interest on the obligations for which the annual contributions provided for in the contract shall have been pledged as security: *Provided*, That such annual contributions shall not be in excess of the maximum sum determined pursuant to the provisions of this act; and in no case shall such annual contributions be in excess of the maximum sum specified in the contract involved, nor for longer than the remainder of the maximum period fixed by the contract.";

(3) Section 2 (10) is amended to read as follows:

"(10) The term 'going Federal rate' means the annual rate of interest (or, if there shall be two or more such rates of interest, the lowest thereof) specified in the most recently issued bonds of the Federal Government having a maturity of 20 years or more, determined, in the case of loans or annual contributions, respectively, at the date of Presidential approval of the contract pursuant to which such loans or contributions are made: *Provided*, That for the purposes of this act, the going Federal rate shall be deemed to be not less than 2½ percent";

(4) Section 9 is amended by striking the period at the end of said section and adding a colon and the following: "*Provided*, That in the case of projects initiated after July 1, 1948, loans shall not be made for a period exceeding 40 years from the date of the bonds evidencing the loan: *And provided further*, That, in the case of such projects or any other projects with respect to which the contracts (including contracts which amend or supersede contracts previously made) provide for loans for a period not exceeding 40 years from the date of the bonds evidencing the loan and for annual contributions for a period not exceeding 40 years from the date the first annual contribution for the project is paid, such loans shall bear interest at a rate not less than the applicable going Federal rate.";

(5) Section 10 (c) is amended by striking the period at the end of the last sentence and adding a colon and the following: "*Provided*, That, in the case of projects initiated after July 1, 1948, contracts for annual contributions shall not be made for a period exceeding 40 years from the date the first annual contribution for the project is paid: *And provided further*, That in the case of such projects or any other projects with respect to which the contracts for annual contributions (including contracts which amend or supersede contracts previously made) provide for annual contributions for a period not exceeding 40 years from the date the first annual contribution for the project is paid, the fixed contribution may exceed the amount provided in the first proviso of subsection (b) of this section by 1 percent of development or acquisition costs.";

(6) The first sentence of section 10 (c) is amended to read as follows: "Every contract for annual contributions shall provide that whenever in any year the receipts of a public housing agency in connection with a low-rent housing project exceed its expenditures (including debt service, administration, maintenance, establishment of reserves, and other costs and charges), an amount equal to such excess shall be applied, or set aside for application, to purposes which will effect a reduction in the amount of subsequent annual contributions.";

(7) Section 14 is amended by inserting the following after the first sentence: "When the Authority finds that it would promote economy or be in the financial interest of the Federal Government, any contract heretofore or hereafter made for annual contributions, loans, or both, may, with Presidential approval, be revised or superseded by a contract of the Authority so that the going Federal rate on the basis of which such annual contributions or interest rate on any loans, or both, respectively, are fixed shall mean the going Federal rate, as herein defined, on the date of Presidential approval of such revised or superseding contract: *Provided*, That contracts may not be revised or superseded in a manner which would impair the rights of the holders of any outstanding obligations of the public housing agency involved for which annual contributions have been pledged.";

(8) Section 20 is amended to read as follows:

"SEC. 20. The Authority may issue and have outstanding at any one time notes and other obligations for purchase by the Secretary of the Treasury in an amount not to exceed $800,000,000. Such notes or other obligations shall be in such forms and denominations, shall have such maturities, and shall be subject to such terms and conditions as may be prescribed by the Authority with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the notes or other obligations by the Authority. The Secretary of the Treasury is authorized and directed to purchase any notes or other obligations of the Authority issued hereunder and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of the securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of such obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.";

(9) Section 2 (5) is amended to read as follows:

"(5) The term 'development' means any or all undertakings necessary for planning, land acquisition, demolition, construction, or equipment, in connection with a low-rent housing or slum-clearance project. The term 'development cost' shall comprise the costs incurred by a public housing agency in such undertakings and their necessary financing (including the payment of carrying charges, but not beyond the point of physical completion), and in otherwise carrying out the development of such project. Construction activity in connection with a low-rent housing project may be confined to the reconstruction, remodeling, or repair of existing buildings."

ANNUAL CONTRIBUTIONS AUTHORIZATION

SEC. 605. Section 10 (e) of the United States Housing Act of 1937, as amended, is hereby amended by inserting the following after the first sentence thereof: "with respect to projects to be assisted pursuant to this act, the Authority is authorized, in addition to the amount heretofore authorized, to enter into contracts, on and after the 1st day of July 1948, which provide for annual contributions aggregating not more than $32,000,000 per annum, which limit shall be increased by further amounts of $32,000,000 on the 1st day of July in each of the years 1949, 1950, 1951, and 1952, respectively: *Provided*, That the contracts for annual contributions with respect to projects initiated after July 1, 1948, shall not provide for the development of more than 500,000 dwelling units without further authorization from the Congress."

TECHNICAL AMENDMENTS

SEC. 606. The United States Housing Act of 1937, as amended, is hereby amended as follows:

(1) By adding to section 6 the following new subsection:

"(e) With respect to all projects under title II of Public Law 671, Seventy-sixth Congress, approved June 28, 1940, references

therein to the United States Housing Act of 1937, as amended, shall include all amendments to said act now or hereafter adopted.";

(2) By deleting from the proviso in section 10 (a) and in section 11 (a) the following: ", unless the project includes the elimination" and substituting the following: "unless, subsequent to the initiation of the project and within a period specified by the Authority, there has been or will be elimination";

(3) By amending the second sentence of subsection 13 (a) to read as follows: "The Authority may bid for and purchase at any foreclosure by any party or at any other sale, or acquire (pursuant to section 22 or otherwise) any project which it previously owned or in connection with which it has made a loan, annual contribution, or capital grant; and in such event the Authority may complete, administer, dispose of, and otherwise deal with, such projects or parts thereof, subject, however, to the limitations elsewhere in this act governing their administration and disposition.";

(4) By renumbering sections 22 to 30, inclusive, so that they become sections 23 to 31, inclusive.

SEC. 607. Any low-rent or veterans' housing project undertaken or constructed under a program of a State or any political subdivision thereof and with the express purpose indicated in the State legislation of converting the project to a project with Federal assistance (if and when such Federal assistance becomes available), shall be approved as a low-rent housing project under the terms of the United States Housing Act of 1937, as amended, if (a) a contract for State financial assistance for such project was entered into prior to January 1, 1949, (b) the project is or can become eligible for assistance by the Public Housing Administration in the form of loans and annual contributions under the provisions of the United States Housing Act of 1937, as amended, and (c) the State or the public housing agency operating the project in the State makes application to the Public Housing Administration for Federal assistance for the project under the terms of the United States Housing Act of 1937, as amended: *Provided*, That loans made by the Public Housing Administration for the purpose of so converting the project to a project with Federal assistance shall be deemed, for the purposes of the provisions of section 9 and other sections of the United States Housing Act of 1937, to be loans to assist the development of the project.

TITLE VII—FARM HOUSING

ASSISTANCE BY THE SECRETARY OF AGRICULTURE

SEC. 701. (a) The Secretary of Agriculture (hereinafter referred to as the "Secretary") is authorized, through such agency officers and employees as he may determine and subject to the terms and conditions of this title, to extend financial assistance to owners of farms in the United States and in the Territories of Alaska and Hawaii and in Puerto Rico, to enable them to construct, improve, alter, repair, or replace dwellings and facilities incident to family living on their farms to provide them, their tenants, lessees, sharecroppers, and laborers with decent, safe, and sanitary living conditions as specified in this title.

(b) For the purposes of this title and the acts amended hereby, the term "farm" shall mean a parcel or parcels of land operated as a single unit which is used for the production of one or more agricultural commodities and which customarily produces such commodities for sale and for home use of a gross annual value of not less than $400. The Secretary shall promptly determine whether any parcel or parcels of land constitutes a farm for the purposes of this title whenever requested to do so by any interested Federal, State, or local public agency, and his determination shall be conclusive.

(c) In order to be eligible for the assistance authorized by paragraph (a), the applicant must show (1) that he is the owner of a farm which is without a decent, safe, and sanitary dwelling and related facilities adequate for himself and his family and necessary resident farm labor, or for the family of the operating tenant, lessee, or sharecropper; (2) that he is without sufficient resources to provide the necessary housing on his own account; and (3) that he is unable to secure the credit necessary for such housing from other sources upon terms and conditions which he could reasonably be expected to fulfill.

LOANS FOR DWELLINGS ON ADEQUATE FARMS

SEC. 702. (a) If the Secretary determines that an applicant is eligible for assistance as provided in section 701 (c) and that the applicant has the ability to repay in full the sum to be loaned, with interest, giving due consideration to the income and earning capacity of the applicant and his family from the farm and other sources, and the maintenance of a reasonable standard of living for the owner and occupant of said farm, a loan may be made by the Secretary to said applicant for a period of not to exceed 33 years from the making of the loan with interest at a rate not to exceed 4 percent per annum on the unpaid balance of principal.

(b) The instruments under which the loan is made and the security given shall—

(1) provide for security upon the applicant's equity in the farm and such additional security or collateral, if any, as may be found necessary by the Secretary reasonably to assure repayment of the indebtedness;

(2) provide for the repayment of principal and interest in accordance with schedules and repayment plans prescribed by the Secretary;

(3) contain the agreement of the borrower that he will, at the request of the Secretary, proceed with diligence to refinance the balance of the indebtedness through cooperative or other responsible private credit sources whenever the Secretary determines, in the light of the borrower's circumstances, including his earning capacity and the income from the farm, that he is able to do so upon reasonable terms and conditions;

(4) be in such form and contain such covenants as the Secretary shall prescribe to secure the payment of the loan with interest, protect the security, and assure that the farm will be maintained in repair and that waste and exhaustion of the farm will be prevented.

LOANS FOR DWELLINGS ON POTENTIALLY ADEQUATE FARMS

SEC. 703. If the Secretary determines (a) that, because of the inadequacy of the income of an eligible applicant from the farm to be improved and from other sources, said applicant may not reasonably be expected to make annual repayments of principal and interest in an amount sufficient to repay the loan in full within the period of time prescribed by the Secretary as authorized in this title; (b) that the income of the applicant may be sufficiently increased within a period of not to exceed 10 years by improvement or enlargement of the farm or an adjustment of the farm practices or methods; and (c) that the applicant has adopted and may reasonably be expected to put into effect a plan of farm improvement, enlargement, or adjusted practices which, in the opinion of the Secretary, will increase the applicant's income from said farm within a period of not to exceed 10 years to the extent that the applicant may be expected thereafter to make annual repayments of principal and interest sufficient to repay the balance of the indebtedness less payments in cash and credits for the contributions to be made by the Secretary as hereinafter provided, the Secretary may make a loan in an amount necessary to provide adequate housing on said farm under the terms and conditions prescribed in section 702. In addition, the Secretary may agree with the borrower to make annual contributions in the form of credits on the borrower's indebtedness in an amount not to exceed the annual installment of interest and 50 percent of the principal payments accruing during any installment year, up to and including the tenth installment year, subject to the conditions that the borrower's income is, in fact, insufficient to enable the borrower to make payments in accordance with the plan or schedule prescribed by the Secretary and that the borrower pursues his plan of farm reorganization and improvement or enlargement with due diligence.

This agreement with respect to credits of principal and interest upon the borrower's indebtedness shall not be assignable nor accrue to the benefit of any third party without the written consent of the Secretary and the Secretary shall have the right, at his option, to cancel the agreement upon the sale of the farm or the execution or creation of any lien thereon subsequent to the lien given to the Secretary, or to refuse to release the lien given to the Secretary except upon payment in cash of the entire original principal plus accrued interest thereon less actual cash payments of principal and interest when the Secretary determines that the release of the lien would permit the benefits of this section to accrue to a person not eligible to receive such benefits.

OTHER SPECIAL LOANS AND GRANTS FOR MINOR IMPROVEMENTS TO FARM HOUSING

SEC. 704. In the event the Secretary determines that an eligible applicant cannot qualify for a loan under the provisions of sections 702 and 703 and that repairs or improvements should be made to a farm dwelling occupied by him or his tenants, lessees, sharecroppers, or laborers, in order to make such dwelling safe and sanitary and remove hazards to the health of the occupant, his family, or the community, the Secretary may make a grant, or a combined loan and grant, to the applicant to cover the cost of improvements or additions, such as repairing roofs, providing toilet facilities, providing a sanitary water supply, supplying screens, or making other similar repairs or improvements. No assistance shall be extended to any one individual under the provisions of this section in the form of a loan or grant or combination thereof in excess of $1,000 for any one unit or dwelling owned by such individual or in excess of $2,000 in the aggregate to any one such individual, and the grant portion with respect to any one unit or dwelling shall not exceed $500. Any portion of the sums advanced to the borrower treated as a loan shall be secured and be repayable in accordance with the principles and conditions set forth in this title. Sums made available by grant may be made subject to the conditions set out in this title for the protection of the Government with respect to contributions made on loans by the Secretary. In the case of such loan or grant with respect to a dwelling not occupied by the owner of the land, the Secretary may, as a condition precedent to the grant, require that the landowner enter into such stipulations and agreements with the Secretary and the occupants of the dwelling as will make it possible for the occupants to obtain the full benefits of the grant.

TECHNICAL SERVICES AND RESEARCH

SEC. 705. In addition to the financial assistance authorized in sections 701 to 704, inclusive, the Secretary is hereby authorized to furnish to all persons, without charge or at such charges as the Secretary may determine, technical services such as building plans, specifications, construction supervision and inspection, and advice and information regarding rural dwellings and other farm buildings. The Secretary and the Housing and Home Finance Administrator are authorized to cooperate in research and technical studies in the rural-housing field. In furnishing such services and information, the Secretary

may utilize, through the Agricultural Extension Service, the facilities and services of State agencies and educational institutions.

PREFERENCE FOR VETERANS

SEC. 706. As between eligible applicants for assistance under this title, the Secretary shall give preference to veterans (defined for the purposes of this title to mean persons who served in the military or naval forces of the United States during World War II).

LOCAL PUBLIC AGENCIES AND COMMITTEES TO ASSIST SECRETARY

SEC. 707. (a) Wherever a local public agency now exists or may be hereafter created which possesses authority to assist low-income persons and families outside of urban areas to obtain decent, safe, and sanitary housing and related facilities, the Secretary is authorized, and after agreement with such agency is directed, to utilize the facilities of such local public agency for the purpose of making the benefits of this title available to the eligible owners or operators situated upon farms (as defined in section 701) lying within the boundaries of said local public agency.

(b) Wherever the facilities of a local public agency are not utilized, the Secretary may utilize the services of any existing committee of farmers operating (pursuant to laws or regulations carried out by the Department of Agriculture) in the county or parish where the farm is located. In any county or parish where the facilities of a local public agency are not utilized and in which no existing satisfactory committee is available, the Secretary is authorized to appoint a committee composed of three persons residing in the county or parish. Each member of such committee shall be allowed compensation at the rate of $5 per day while engaged in the performance of duties under this title and, in addition, shall be allowed such amounts as the Secretary may prescribe for necessary traveling and subsistence expenses. One member of the committee shall be designated by the Secretary as chairman. The Secretary shall prescribe rules governing the procedure of local public agencies and committees utilized pursuant to this section, furnish forms and equipment necessary for the performance of their duties, and authorize and provide for the compensation of such clerical assistance as he deems may be required by any committee.

(c) The local public agency or committee utilized pursuant to this section shall examine applications of persons desiring to obtain the benefits of this title and shall submit recommendations to the Secretary with respect to each application as to whether the applicant is eligible to receive the benefits of this title, whether by reason of his character, ability, and experience, he is likely successfully to carry out undertakings required of him under a loan or grant under this title, and whether the farm with respect to which the application is made is of such character that there is a reasonable likelihood that the making of the loan or grant requested will carry out the purposes of this title. The local public agencies or committees shall also certify to the Secretary their opinions of the reasonable values of the farms. The local authorities and committees shall, in addition, perform such other duties under this title as the Secretary may require.

GENERAL POWERS OF SECRETARY

SEC. 708. (a) The Secretary, for the purposes of this title, shall have the power to determine and prescribe the standards of adequate farm housing, by farms or localities, taking into consideration, among other factors, the type of housing which will provide decent, safe, and sanitary dwellings for the needs of the family using the housing, the type and character of the farming operations to be conducted, and the size and earning capacity of the land.

(b) The Secretary may require any recipient of a loan or grant to agree that the availability of housing constructed or improved with the proceeds of the loan or grant under this title shall not be a justification for directly or indirectly changing the terms or conditions of the lease or occupancy agreement with the occupants of such housing to the latter's disadvantage without the approval of the Secretary.

SEC. 709. In carrying out the provisions of this title, the Secretary shall have the power to—

(a) make contracts for services and supplies without regard to the provisions of section 3709 of the Revised Statutes, as amended, when the aggregate amount involved is less than $300;

(b) enter into subordination, subrogation, or other agreements satisfactory to the Secretary;

(c) compromise claims and obligations arising out of sections 702 to 705, inclusive, of this title and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into as circumstances may require, including the release from personal liability, without payment of further consideration, of—

(1) borrowers who have transferred their farms to other approved applicants for loans who have agreed to assume the outstanding indebtedness to the Secretary under this title; and

(2) borrowers who have transferred their farms to other approved applicants for loans who have agreed to assume that portion of the outstanding indebtedness to the Secretary under this title which is equal to the earning capacity value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the Secretary determines that the original borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities;

(d) collect all claims and obligations arising out of or under any mortgage, lease, contract, or agreement entered into pursuant to this title and, if in his judgment necessary and advisable, to pursue the same to final collection in any court having jurisdiction: *Provided*, That the prosecution and defense of all litigation under this title shall be conducted under the supervision of the Attorney General and the legal representation shall be by the United States attorneys for the districts, respectively, in which such litigation may arise and by such other attorney or attorneys as may, under law, be designated by the Attorney General;

(e) bid for and purchase at any foreclosure or other sale or otherwise to acquire the property pledged or mortgaged to secure a loan or other indebtedness owing under this title, to accept title to any property so purchased or acquired, to operate or lease such property for such period as may be necessary or advisable, to protect the interest of the United States therein and to sell or otherwise dispose of the property so purchased or acquired by such terms and for such considerations as the Secretary shall determine to be reasonable and to make loans to provide adequate housing for the purchasers of such property;

(f) utilize with respect to indebtedness arising from loans and payments made under this title all the powers and authorities given to him under the act approved December 20, 1944, entitled "An act to authorize the Secretary of Agriculture to compromise, adjust, or cancel certain indebtedness, and for other purposes" (58 Stat. 836), as such act now provides or may hereafter be amended;

(g) make such rules and regulations as he deems necessary to carry out the purposes of this title.

OBLIGATIONS AND APPROPRIATIONS

SEC. 710. The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury in such sums as the Congress may from time to time determine to make loans under this title but not in excess of $25,000,000 on or after the 1st day of July 1948, an additional $50,000,000 on or after the 1st day of July 1949, an additional $75,000,000 on or after the 1st day of July 1950, and an additional $100,000,000 on or after the 1st day of July 1951. The notes and other obligations issued by the Secretary shall be secured by the obligations of borrowers and the Secretary's commitments to make contributions under this title and shall be repaid from the payment of principal and interest on the obligations of the borrowers and from funds appropriated hereunder. The notes and other obligations issued by the Secretary shall be in such forms and denominations, shall have such maturities, and shall be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the notes or obligations by the Secretary. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Secretary of Agriculture issued hereunder and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act are extended to include any purchases of such obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

SEC. 711. In connection with loans made pursuant to section 703, the Secretary is authorized, on or after July 1, 1948, to make commitments for contributions aggregating not more than $500,000 per annum and to make additional commitments on or after July 1 of each of the years 1949, 1950, and 1951 which shall require aggregate contributions of not more than $1,000,000, $1,500,000, and $2,000,000 per annum, respectively.

SEC. 712. There are hereby authorized to be appropriated to the Secretary (a) such sums as may be necessary to permit payments on notes or other obligations issued by the Secretary under section 710 equal to (i) the aggregate of the contributions made by the Secretary in the form of credits on principal sums due on loans made pursuant to section 703 and (ii) the interest due on a similar sum represented by notes or other obligations issued by the Secretary; (b) an additional $1,000,000 for grants made pursuant to section 704 on or after July 1, 1948, which amount shall be increased by further amounts of $2,500,000, $4,000,000, and $5,000,000, on July 1 of each of the years 1949, 1950, and 1951, respectively; and (c) such further sums as may be necessary to enable the Secretary to carry out the provisions of sections 701 and 712, inclusive, of this title.

TITLE VIII—ADMINISTRATIVE AND MISCELLANEOUS PROVISIONS

ADMINISTRATIVE PROVISIONS

SEC. 801. (a) Effective upon the date of enactment of this act, the Housing and Home

Finance Administrator shall receive compensation at the rate of $16,500 per annum, and the members of the Home Loan Bank Board, the Federal Housing Commissioner, and the Public Housing Commissioner shall each receive compensation at the rate of $15,000 per annum.

(b) Section 101 of the Government Corporation Control Act, as amended, is amended by inserting "Federal Housing Administration;" immediately after the semicolon which follows "United States Housing Corporation": *Provided*, That, as to the Federal Housing Administration, the audit required by section 105 of said act shall begin with the fiscal year commencing July 1, 1948, and the exception contained in section 301 (d) of said act shall be construed to refer to the cost of audits contracted for prior to July 1, 1948.

SEC. 802. In carrying out their respective functions, powers, and duties—

(a) The Housing and Home Finance Administrator may appoint such officers and employees as he may find necessary, which appointments shall be subject to the civil-service laws and the Classification Act of 1923, as amended. The Administrator may make such expenditures as may be necessary to carry out his functions, powers, and duties, and there are hereby authorized to be appropriated to the Administrator, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary to carry out such functions, powers, and duties and for administrative expenses in connection therewith. The Administrator may delegate any of his functions and powers to such officers, agents, or employees as he may designate, and may make such rules and regulations as may be necessary to carry out his functions, powers, and duties. The Administrator shall cause to be prepared for the Housing and Home Finance Agency an official seal of such device as he shall approve, and judicial notice shall be taken of said seal.

(b) The Public Housing Administration shall sue and be sued only with respect to its functions under the United States Housing Act of 1937, as amended, and title II of Public Law 671, Seventy-sixth Congress, approved June 28, 1940, as amended. The Public Housing Commissioner may appoint such officers and employees as he may find necessary, which appointments, notwithstanding the provisions of any other law, shall hereafter be made hereunder, and shall be subject to the civil-service laws and the Classification Act of 1923, as amended; delegate any of his functions and powers to such officers, agents, or employees of the Public Housing Administration as he may designate; and make such rules and regulations as he may find necessary to carry out his functions, powers, and duties. Funds made available for carrying out the functions, powers, and duties of the Administration (including appropriations therefor, which are hereby authorized) shall be available in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Administration.

(c) The Housing and Home Finance Administrator, the Home Loan Bank Board (which term as used in this section shall also include and refer to the Federal Savings and Loan Insurance Corporation, the Home Owners' Loan Corporation, and the Chairman of the Home Loan Bank Board), the Federal Housing Commissioner, the Public Housing Commissioner, and the National Home Mortgage Corporation, respectively, may, in addition to and not in derogation of any powers and authorities conferred elsewhere in this act—

(1) with the consent of the agency or organization concerned, accept and utilize equipment, facilities, or the services of employees of any State or local public agency or instrumentality, educational institution, or nonprofit agency or organization and, in connection with the utilization of such services, may make payment for transportation while away from their homes or regular places of business and per diem in lieu of subsistence en route and at place of such service, in accordance with the provisions of 5 U. S. C. 73b–2;

(2) utilize, contract with, and act through, without regard to section 3709 of the Revised Statutes, any Federal, State, or local public agency or instrumentality, educational institution, or nonprofit agency or organization with the consent of the agency or organization concerned, and any funds available to said officers for carrying out their respective functions, powers, and duties shall be available to reimburse any such agency or organization; and, whenever in the judgment of any such officer necessary, he may make advance, progress, or other payments with respect to such contracts without regard to the provisions of section 3648 of the Revised Statutes;

(3) make expenditures for all necessary expenses, including preparation, mounting, shipping, and installation of exhibits; purchase and exchange of technical apparatus; and such other expenses as may, from time to time, be found necessary in carrying out their respective functions, powers, and duties: *Provided*, That the provisions of section 3709 of the Revised Statutes shall not apply to any purchase or contract by said officers (or their agencies), respectively, for services or supplies if the amount thereof does not exceed $300: *And provided further*, That funds made available for administrative expenses in carrying out the functions, powers, and duties imposed upon the Housing and Home Finance Administrator (except those imposed pursuant to titles II and V hereof), the Home Loan Bank Board, the Federal Housing Commissioner, and the Public Housing Commissioner, respectively, by or pursuant to law may at their option be consolidated into single administrative expense fund accounts of said officers or agencies for expenditure by them, respectively, in accordance with the provisions hereof.

ACT CONTROLLING

SEC. 803. Insofar as the provisions of any other law are inconsistent with the provisions of this act, the provisions of this act shall be controlling.

SEPARABILITY

SEC. 804. Except as may be otherwise expressly provided in this act, all powers and authorities conferred by this act shall be cumulative and additional to and not in derogation of any powers and authorities otherwise existing. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provisions of this act, or the application thereof to any persons or circumstances, shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act or its applications to other persons and circumstances, but shall be confined in its operation to the provisions of this act, or the application thereof to the persons and circumstances, directly involved in the controversy in which such judgment shall have been rendered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, announced that the House had passed, without amendment, the joint resolution (S. J. Res. 212) to authorize the President, following appropriation of the necessary funds by the Congress, to bring into effect on the part of the United States the loan agreement of the United States of America and the United Nations signed at Lake Success, N. Y., March 23, 1948.

The message also announced that the House had passed the joint resolution (S. J. Res. 157) to provide for the regulation of consumer installment credit for a temporary period, with amendments, in which it requested the concurrence of the Senate.

CONTROL OF INFLATION

Mr. FLANDERS. Mr. President, the President of the United States has called us together in extraordinary session to take measures for stopping the continued advance of inflation. The existence of inflation is no longer denied by anyone. We no longer speak of it as a prospective danger, as did many, even when it was in full activity in the initial stages. With our characteristic American ability to change our mental attitudes at the drop of a hat, we have shifted from thinking of inflation as a prospective danger into the mood of concluding that it has gone so far that a bust is inevitable. We did not take seriously enough the building up of a situation which might more easily have been remedied in its first stages, and we regard as inevitable consequences, which in a later stage, might still perhaps be brought under control by wise, resolute, and difficult decisions and actions.

The President has not only called us into session to consider this grave situation, but has likewise presented an administration bill which he desires that we enact into law. It is our duty to analyze that bill and see if it meets the requirements of practicability and effectiveness.

Before doing so, it is well to make clear to ourselves the structure and mechanism of inflation. The structure of inflation is based upon a large and growing supply of money seeking in the market for a restricted or more slowly growing supply of things to buy. The solutions of the problem therefore seem to lie in bringing the money supply under control, increasing the supply of things which the holders of the money seek to purchase, imposing voluntary restraints on the desire to purchase, or imposing involuntary restraints on the ability to purchase, as by rationing.

When this situation of increased money and restricted supply of things to be purchased, which situation may be called the structure of inflation, arises, there is a distinct and active mechanism by means of which prices are increased. This mechanism is the well-known cost of living, wage, profit, price spiral whose third revolution we are now enduring.

Remedies conceivably lie in the restriction of the money supply and the increase in production of things to be bought. It is likewise conceivable that if voluntary or involuntary brakes are put upon the mechanism of the spiral of inflation, a better opportunity may be given to bring money and goods into balance.

With these thoughts in mind, let us examine the administration bill.

Title I relates to the regulation of consumer credit. Consumer credit is one of the means by which the money supply is increased. As we all realize, a

major part of the money available to the United States consumer, whether for business or personal purposes, is not in the form of paper money or metal coins. It is largely composed of bank deposits generated by the extension of bank credit. One of the elements in this expanded credit and consequent deposits is consumer credit, made up in large measure of charge accounts and installment credit.

At this point I should like to call the attention of Members of this body to the monthly publication Economic Indicators prepared for the Joint Committee on the Economic Report by the Council of Economic Advisers and printed for the use of the Joint Committee on the Economic Report. Each Member of the Senate receives, or should receive, this publication each month as it is printed. On page 29 are statistics and charts indicating the growth of consumer credit, and particularly the growth of installment credit which has risen since the end of the war from around $2,400,000,000 to $7,000,000,000. This is a substantial increase in the money supply. It is particularly dangerous in that it assigns future income to present purchases. On December 17, 1947, the Senate wisely passed Senate Joint Resolution 157 restoring the authority to the Federal Reserve System to bring consumer credit under control. Most unwisely, in my judgment, the House did not concur in that bill, and in consequence this important and dangerous increment to the money supply has been allowed to go on. This is a responsibility which the Congress must bear rather than the administration.

Title I in the administration bill, S. 2910, which seeks to remedy this condition seems to be well thought out and should have our earnest consideration. It may well be that amendments may be introduced by the Banking and Currency Committee, but I would hope that the committee would report it out to the Senate and that the Senate will repeat its wise course earlier this year and pass it on for a more judicious consideration by the House.

Title II of the administration bill relates to bank reserves. By a mechanism which I assume to be understood in general terms by the Members of this body, the extension of bank credit can be controlled by limiting bank reserves. That authority is vested in the Federal Reserve System. The limits of possible action of this sort have nearly been reached, and the bill proposes to make legal for a period of 2 years still further increases in reserve requirements.

There are many who have felt that by this means alone the money supply could be reduced and inflation arrested. This is true. It is in fact only too true. By drastically curtailing the extension of bank credit, it is possible to reduce the money supply and end an inflation, but it is a matter of extreme difficulty to do this in any measured and controlled way. The relationship between the volume of credit resulting from a given restriction on reserves is not a mathematical relationship. It is a psychological relationship in large measure, and arises through the hopes, fears, ambitions, and recklessness of millions of prospective borrowers, as well as through the medium of the mental reactions of the lenders.

As another way to control reserves, the Federal Reserve System can alter the rediscount rate. The Treasury can likewise affect interest rates by the terms on which it offers its securities for public sale, particularly the short-term paper. It could indubitably arrest the inflation by allowing the long-term bonds to seek a natural level, instead of maintaining them at par through unlimited purchase by the Federal Reserve System. The latter three measures do not require legislation to put them into effect. Of the three, the unpegging of Government bond prices is the most dubious and the most likely to lead to a train of undesired consequences. This brings us as legislators back to the proposal to raise the limits on reserve requirements as the particular responsibility for the consideration of this Congress.

The Banking and Currency Committee has under consideration both the proposal in this bill, which is supported by the present chairman of the Federal Reserve Board, and also the earlier proposal for special reserves offered by the then chairman, Mr. Marriner Eccles, to the committee some months ago. Both proposals merit consideration. Either proposal must be administered very carefully if disaster is to be avoided, and by disaster I would mean results unexpectedly sudden or unexpectedly drastic coming from a given degree of reserve control. Mr. President, I may say that, since I prepared these remarks, it appears evident that both Mr. Eccles, the remainder of the Board, and the Secretary of the Treasury have agreed on the administration program.

Testimony so far given before the Banking and Currency Committee seems to indicate that within the administration itself there was formerly a confusion of counsels so that it, until this time, has been unwise to make recommendations as to the control of bank credit. With these confused counsels, it is not strange that the Congress was unable to meet administration desires with regard to bank credit control. We must now, however, take this matter in hand as our own responsibility, and enact legislation for the guidance of the administration in this important field of money supply.

One other point needs careful consideration. It is the considered opinion of the former head of the Federal Reserve System, Mr. Marriner Eccles, that the entire banking system of the country must be brought under these new reserve requirements. If not, he feels assured that the Federal Reserve System itself will be seriously weakened by the handicaps placed on the member banks, as compared with nonmember banks. The present Chairman of the Board of Governors, Mr. Thomas McCabe, testified that he was willing to take that chance. More recent action of the Board of Governors supports the view that new reserve restrictions must apply to nonmember as well as member banks. There are questions of constitutional law involved which are being considered by the Banking and Currency Committees and on which the Houses of Congress will have to pass judgment.

I mentioned earlier the delicacy and danger in entrusting the control of inflation entirely to Government action in the field of supply of bank credit. The delicacy required is great. The danger is great. I can only express my present view with regard to this by saying that I feel confident that the Board of Governors of the Federal Reserve System is well aware of the delicacy and the inherent danger and can be depended upon to act cautiously and wisely if the additional authority is given it.

Title III of the administration bill deals with prices and wages. This is the most contentious title in the bill. In view of the break-down of price ceilings and the broad expansion of black markets in the later months of OPA, general opinion will assuredly be lined up against this proposal, although it is, on its face, the obvious way to deal with price increases.

Last fall, as the result of the price hearings, and in the early weeks of the second session of this Congress, I was convinced of the possibility and the wisdom of indirect price control by means of rationing. I do not now believe that that remedy for the high cost of living is practical.

The proposals, which were supported by Mr. JAVITS, of New York, in the House and myself in the Senate, related to the rationing of meat; and so far as I was concerned, these proposals were based on a particular situation which existed at that time, and from which present conditions differ in important respects.

At the time when meat rationing would have been effective we had finished with the second round of wage and price increases. There was a pause in the upward rise of the cost of living, or at least a slowing up of the rise which was in evidence from December through April. Of the factors which contributed to the preceding rise to the then existing higher level and to the subsequent rise, food was by far the most important; and in food, the element of meat and meat products constituted the most uncontrollable factor. It seemed clear at the time that if this uncontrolled element could be brought under some measure of control it might be expected to stabilize for a considerable period the whole cost of living. Could that have been done, it seemed reasonable to expect that organized labor might refrain from initiating the third round of wage increases based on the rising cost of living. With organized labor refraining from further demands, it seemed reasonable to expect that business would refrain from further price increases and might even, in the case of those industries and businesses which were in a good profit position, offer substantial price reductions. This would in turn and in time affect the cost of living in a favorable way and help to stabilize our whole economy. We might perhaps have put an end for an extended period to the whole inflationary process by thus putting brakes on what I have called the machinery of inflation. Could

this have been done, sufficient time would have been granted to attack in an orderly and successful way the fundamental factors of purchasing power and production which were out of line with each other.

The possibility of thus bringing inflation under control appeared the more sure, since important business groups showed a willingness to play their part. In the fall, for instance, the Ford Motor Co. and the International Harvester Co. both made substantial reductions in the price of their products. Some weeks later General Electric announced reductions in the cost of the items of their output which went into consumer use, particularly in the case of electrical household equipment. The largest lumber company in the world, the Weyerhaeuser Co., announced a decrease of 10 percent in the cost of lumber. Business did show a willingness to go along with the program.

Furthermore, William Green, for the American Federation of Labor, in an editorial in the January issue of the American Federationist made certain significant statements. With much else that was sensible, he said:

> Because the practice of tail-chasing gets us nowhere, the American Federation of Labor has urged unions to base demands for wage increases on increases in output. Such union efforts need the cooperation of management and individual managements need the cooperation of others in the industry. All need the cooperation of credit and banking agencies, and these agencies, in turn, need the cooperation of those controlling our fiscal policies and governmental appropriations.
>
> Some representative of a responsible national interest could call together representatives of all functional groups, so that all could have a common understanding and agree upon how to deal jointly with problems of inflation and then accept responsibility for doing their specific shares, including periodic reports on progress. These reports should be reviewed by the national representative group for the purpose of evaluating progress and adjusting the program.
>
> This is the democratic way forward which would strengthen—not weaken—free enterprise.

Thus spoke the President of the American Federation of Labor. There was therefore an encouraging measure of cooperation by industry and by one of the great branches of organized labor. There was no cooperation on the part of the Congress in the part it had to play in giving a measure of stability to the cost of living, on which the whole project for slowing up the machinery of inflation was based. The meat-rationing bills were never reported out of the two committees of the House and Senate to which they were referred. The opportunity was lost. In my judgment, the opportunity does not now exist for accomplishing the same results that might have been accomplished 6 or 8 months ago. The expected and feared third round of inflation is still in progress. There is no visible tapering off on which an arrest of the rise of the cost of living might be based. Furthermore, with the unfortunate experience which the industry leaders in the lowered-price movement suffered, they might not feel justified in supporting the project a second time.

Ford and International Harvester were forced by rising wage and material costs to raise their prices again. Weyerhaeuser met with no response from other members of the great lumber industry who sat cynically by to see how long Weyerhaeuser would stick it out. General Electric was faced with further rising costs of material and labor, which made the continuance of their program impossible.

It may be that the group of conditions which made meat rationing favorable at the time it was proposed will recur at some future time or that other means of price control of a restricted group of foods or commodities may be selected with similar grounds for useful result. In my own judgment, that fortunate combination of circumstances does not now exist. Price control would soon break down because the useful, widespread effects would not meet with the same evidently useful results and the same widespread support of manufacturers, organized labor, and consumers that might have been expected some months ago.

I am frank to say that the wage section of title III puzzles me. Reading it with all the intelligence that I can muster, I cannot make it out a project for wage control at all. It seems to be just another section of the price-control undertaking relating to the conditions under which prices will be permitted to rise in case wage advances have been voluntarily or involuntarily granted. This looks to me very much like an artfully mistitled section of a title III which really relates to price control and price control only. The proposed wage board can disapprove of an unwise wage increase, but it cannot forbid it. All it can do is to say "Tut! tut!" This is unfortunate, since the matter of restraint in wage increases is the nucleus of the problem of the inflationary spiral.

In brief, there is nothing in title III that I would be willing to support on the basis of any information or experience available to me at the present moment.

Perhaps something can be said in favor of title IV—priorities and allocations. The proposals relate, it would seem, more directly to capital goods and the raw materials for them than to the consumer goods which are such an intimate part of the inflationary spiral. The Chief Executive certainly asks for tremendous power over a section of the economy which is of great importance but which is not as vitally concerned as are the consumer-goods industries and consumer-goods materials—like those relating to food, clothing, and shelter. The power asked for is indeed enormous if the word "facility" in this title means what I suppose it to mean—namely, factories, warehouses, and productive machinery.

There is no product or group of products which appear to need allocation and inventory control as much as do raw and semifinished iron and steel. Such pressing needs as freight cars and housing must be supplied. As to housing, there is need for a flow of pig iron to pipe foundries and of steel rod to nail mills which shall balance out with the available supply of other materials and of the labor supply to give a maximum construction of housing units without inflationary effects.

Title V relates to rent control. It was the intent of the Rent Control Act of 1948 gradually but definitely to relinquish this element of the cost of living to the responsible control of State and local governments. This to my mind is a wise and appropriate policy. It is wise because the centralized administration of rent control has resulted in such abnormalities and injustices as to make it doubtful whether proper centralized rent control is at all feasible. It is appropriate because houses, the cost of building and maintaining them, and the rents received for occupying them, are not materials or facilities in interstate trade in which the Federal Government must in the nature of the case enter as the controlling agency. Federal rent control has proved highly unsatisfactory. If the local assumption of responsibility provided for in the present law is not satisfactory, the responsibility for the bad conditions goes right back to the citizens of the State in which the bad conditions exist. In this situation in which interstate relationships do not exist, the citizens of the local community must hold their own government responsible.

Title VI relates to the regulation of commodity exchanges. Here is another controversial question on which I must confess that my own point of view has changed with further study of the problem. I am no longer convinced that speculation can for a long period of time keep a commodity market above its natural level. It may indeed maintain it for a longer than natural period at a high level, in which case it will naturally drop to a deeper and longer-extended low level after the impossible task of maintaining it has been given up. It has to be remembered that the bear influences in the great commodity markets are as active as are the bull operators.

What I am inclined to believe is that there are waves of speculation in which large numbers of amateur speculators become involved, whose operations tend to make the ups and downs of the market more violent than they would otherwise be. If further controls of such markets as the grain exchanges are undertaken, I have become convinced that a part of the objective should be to control the ease of access to speculation on the part of the general public rather than to restrain professional operations. I know that this is not the popular point of view, but it is one which I have come to accept.

It is perhaps appropriate to call attention to the operations of the Commodity Credit Corporation in its purchases, particularly with relation to the purchases of grain. If this Government body were a private individual or firm, it would lay itself open very strongly to the suspicion that its purchases, in their timing and volume, were made with an eye to the effect of those purchases on the price of the commodity. These interests, unfortunately, may be in reverse from those of the consumer and taxpayer. There seems to have been at times an endeavor to maintain the price of wheat, as an example, to the detriment of the

taxpayer in the bill he has had to pay for relief and to the detriment of the consumer in its effect on his cost of food. If the exchanges are to be controlled, I suggest that investigation should also be made as to controlling the Commodity Credit Corporation.

It is astonishing that the only clear reference to action reducing food costs appears to be this dubious one of curtailing commodity exchange margins. Price supports and production quotas would seem to be due for a thorough analysis and overhauling, from prima facie evidence. In spite of the fact that food, almost completely agricultural in origin, is the most intractable element in the cost of living, the administration bill passes it hastily by. Perhaps it is too hot a subject. Perhaps Republicans as well as Democrats dare not look the problem of food prices in the face. Your speaker's knowledge and experience has lain with industry rather than with agriculture since he ceased farm work as a boy of 16; but he cannot help wondering if we may not be leaving a major source of high living costs unexamined and uncorrected. Should not the House at least recede from its position on the Aiken bill and permit that to come into full effect January 1 of 1949?

I wish to corroborate what might be inferred from the emphasis of the Senator from Delaware [Mr. WILLIAMS] on the price of potatoes and the destruction of potatoes, to say that among my own constituents there is no single situation which makes housewives and their husbands more angry than seeing a load of low-priced potatoes for feed going past the house when they are having to pay prices far larger than any price they ever expected to pay for a bag of potatoes. If I understand the Aiken bill—and I do not claim to understand it from beginning to end, because perhaps that requires a specialist—I am clearly convinced that that bill would remove the abuses which exist in the present price-support policies which have been legislated with regard to potatoes.

So much for the administration bill. Only a small part of it is useful and it cannot be expected to play a major part in the control of inflation. Let us now take a broader view and see what else can be done.

We may well wonder whether we are not misapprehending our present economic situation as being a temporary crisis for which crisis remedies may properly be proposed, when instead of that our inflation is, in fact, a chronic evil which must be expected to be endemic in any condition of long continued high employment and production. This I believe to be true, and I regret to say that with the best thought I have been able to bring to the problem, I have been coming to the conclusion that the fundamental remedies lie only in part within the jurisdiction of Government and that a large burden of the responsibility of control lies with organized labor and with industry.

Can we have full employment without inflation? We can easily see how the full employment, which has now lasted for years, tends toward inflation. We can see that when a worker is confident of getting a new job if he looks for one and decides to quit his old one, he will be quite insistent when he seeks for an increase in his wage rate, whether he makes that demand directly as an individual or through the labor organization to which he belongs. We can also see how, when workers are fully employed and pay rolls reach unprecedented heights, the manufacturer and the merchant, in the face of this unprecedented purchasing power, feel no particular necessity for reducing prices or keeping profits under control. They likewise feel less necessity for resisting wage demands if access to a reservoir of credit is wide open. That many firms have been content with moderate profits is a tribute to their long-range judgment, but this high quality is by no means universal and is not the ruling factor in these inflationary times. Full employment, therefore, is the fertile soil in which thrive and flourish wages, profits, and resulting prices, resulting high cost of living, and a finally resulting demand for still higher wages. This is the mechanism of inflation which we commonly call the inflationary spiral.

It is easy to see how a considerable pool of unemployment, say six or eight million out of our present employment of 60,000,000 would tend to slow down or reverse this inflationary movement. If an employed workman were not sure of another job, he would not be so insistent on higher wages. With a considerable percentage of his potential customers unemployed, the manufacturer or merchant would lack assurance that increased prices would bring increased profits to him instead of a prospective loss. He could not safely raise prices without losing his market.

Shall we, then, reluctantly accept unemployment as a cure for inflation? Or shall we try other ways? Let us examine some of these other ways.

The inflation spiral generates an increasing supply of purchasing power but under the conditions assumed and now existing, that purchasing power meets a stationary or only slowly rising output of goods and services. Remedies, therefore, would seem to lie in decreasing purchasing power or increasing the output of goods and services, or both.

The Government can do something about the supply of purchasing power. It can balance its budget; it can do better than balance its budget, it can accumulate a surplus. This reduces purchasing power. It can use that surplus either to pay off indebtedness or to be held as a Treasury surplus. If the indebtedness paid off is held by the Federal Reserve Banks, the purchasing power remains extinguished. If it is bank held, then there is still an opportunity to reduce the current purchasing power in the market by reducing the volume of outstanding bank credit, which constitutes the major portion of our money supply.

The accumulation of this budgetary surplus can be done by increasing taxation or reducing Government expenditures, or both. Increasing taxation draws money away from those who are taxed and thus prevents them from spending as much. This is anti-inflationary. Another expedient is available, but not as yet tried in this country. We can impose compulsory saving in lieu of increasing taxes. There would then be an opportunity to expand taxpayers' purchasing if deflation gets out of hand. Reduced expenditures mean the elimination of workers from Government jobs and their return to private business. This can result in increased civilian production. This also is anti-inflationary.

There are other methods by which government can reduce purchasing power which we have already considered. It can recover and exercise its powers to control installment buying, though this Congress refused permission to the administration to do so. It can, in connection with the refinancing of the national debt, raise the interest rates for business as a whole, thus cutting down the extension of credit. It would be difficult to do this without lowering Government bonds below par, so that this possibility is one which is not immediately attractive. It can raise reserve requirements for the banking system to a point where the total of outstanding loans is arrested or decreased. In fact, by these and other means, the Government can clearly restrict the available credit to such an extent indeed as to surely end an inflation. Then why not do it?

The answer to this question is quite simple, and I have already stated it. Let me state it again. Doing it is a very delicate operation indeed. The line between overdoing it and underdoing it is difficult to discover. As I have said earlier, the factors involved are largely psychological rather than mathematical. If the means of credit restriction employed show too little result, there is danger that the addition of another increment to credit restriction may result in a definite and disastrous slump, which involves unemployment, underproduction, and real distress. Government can end inflation. There is no question about that. The question is, can it do it safely? About that there is a great deal of question indeed. We are not without experience in this matter. The Government feared inflation in 1937. Early in the year it took measures to prevent it. Inflation was promptly squelched, but so were employment, production, and recovery. The Governors of the Reserve Board, in their sphere of activity, may surely be counted on to proceed with greater caution.

So much for the reduction of purchasing power. This is the less attractive of the two methods anyway. By far the more attractive is some method by which more goods are produced to meet the available purchasing power.

The Government can do something about this. In general, the increase in our standard of living, resulting from higher production per man-hour of our workers, has not been a result of longer hours or harder work on the part of those employees in production and distribution. On the contrary, we work far fewer hours than we did a generation ago, and our work physically is far easier. The higher production and the higher

standard of living have been obtained by better business management, improved and cheaper products, and more productive machinery and methods. The basis of our improvement in output, therefore, largely depends on a heavy and wise investment of profits in the development and manufacture of new products, with new equipment, and by new methods.

To revive this process, which is the long-time and time-tried method of improving the material condition of the inhabitants of this country, is dependent largely on tax policies appropriate to the undertaking. To devise and put into effect these tax policies must be a matter of continued study by the responsible committees of Congress and of willingness by the House and Senate to put them into effect. That willingness will not exist unless a substantial part of the electorate has become convinced of the general social value, and the particular value to them, of profits of industry wisely directed to this social end.

In this connection industry has definite responsibilities. In addition to those for conservative pricing which have already been mentioned, they have to see that profits are wisely used in increasing their productive capacity. It is admittedly difficult to do this, since the great business profits about which we read are in many cases unavailable as actual cash for purchases and investment. Without increase in the physical amount of inventories, of work in process or of accounts receivable, dollar signs against all these items may have very large increases, and those increases would all go to swell the profit side of the profit-and-loss statement. Yet in reality these increases, due to inflation, represent in many cases a necessity for bank borrowing, and do not at all represent funds which can be drawn on either for dividends or for reinvestment, in spite of the fact that they appear on the profit side of the ledger.

It is therefore not going to be easy in all cases to apply what look like excellent profits to this desirable purpose of increasing productive capacity by wise investment.

There is a further complication. Many conservative firms properly take into account the fact that their reserves for depreciation and obsolescence are based on replacement costs of earlier years, which will have to be very materially raised in view of present costs of machinery and equipment. With that in mind, there has been a very understandable tendency to increase depreciation allowances. The unfortunate thing is that the very act of doing this is one of the incentives for price increases where at least price maintenance is highly desirable. The effort to protect the company against inflation, therefore, tends to increase the inflation against which protection is sought. In its own way this action parallels that of the wage earner who seeks by higher wages to compensate for an inflation which his higher wages will only encourage. Would it not be wise for both groups to rely on the wisdom of action which seeks to arrest the spiral rather than to put more pressure behind it?

What can labor do to increase the output of goods? As has been said in connection with industry, the real contribution to increasing the standard of living has been made by industry itself in improved management, equipment, and product. Is there anything that labor, organized and unorganized, can do? There is something that the workers can do.

With full employment and with our current equipment and business organization, we have reached the limit of production on the basis of the 40-hour week. This is the rock bottom on which the whole machinery of inflation is founded. With that limitation on output, nothing that is done in the way of increasing incomes will do more than increase prices, except as wage increases to the higher paid enable them to take away a still larger share from the underpaid. Inflation can bring a net advantage to the higher paid; but, as the immoral nature of that advantage is clearly seen, we may feel assured that the process will become unsatisfactory to many of those who are now so ardently pursuing it.

But if increased incomes only increase prices for the community as a whole, what can labor do about increasing output? Has the time not come for the body of workers to consider this question? What matters most, leisure or goods and services? If we want to preserve our leisure, the only way we can increase our goods and services is by the slow process of the accumulation of profits applied to more efficient production. If, on the other hand, we wish a more rapid increase in the material good things of life, the remedy is near at hand. The remedy is longer working hours.

Those working hours are, of course, always available under the penalty of overtime payment. That overtime payment would have to be given up in most industries before it would be possible to run the extra hours. Do the working people of this country care enough for more goods and services to work longer hours without overtime? That is not a question for the management group to decide. It is a question for the workers, organized and unorganized, to decide for themselves: whether or not they want the Fair Labor Standards Act amended to permit this. We may well remember that this act was passed in a time of acute unemployment to spread work. Is it appropriate to a time of full employment?

The question has been raised as to whether longer hours would have any beneficial effect on prices. This is to say, would they have any effect on reducing inflation? The effect would not be as direct or easily understood as would the effect on the standard of living. There would, however, be definitely a beneficial effect possible on the price level.

There are very few manufacturing or mercantile firms in which the present working week could not be moderately increased without increases in salaries, in taxes, in insurance, in depreciation, and in numerous others of the fixed expenses. This means that the longer hours would reduce unit costs and could reduce prices. The reductions in costs are not great enough to take care of time and a half for overtime in most industries, but on a full-time basis they would make possible a definite reduction in prices in most industries.

As previously stated, this decision lies in the hands of labor and not of management.

Business and labor then have a heavy responsibility and it is to be found primarily in the negotiations for wages and working conditions, which are continuously going on between these two groups. The demand is for statesmanship of a high order, between both the employers and employees.

As a matter of fact these negotiations, particularly in the case of the nation-wide industries and the nation-wide labor organizations, are no longer private matters. They cannot be. The whole well-being of all the people depends on arriving at wise decisions in all such cases.

A fallacy which leads to harmful demands is that corporate profits can be redistributed to employees on a generous scale. Those profits in 1947 amounted to about $28,700,000,000 before taxes—a very tidy sum indeed. Why not distribute the greater part of that in increased wages? For one thing the Government needs the $11,700,000,000 it collected in taxes, and the added billions it collected in double taxation on the dividends paid to stockholders. Furthermore dividends must be paid if capital is to flow into production in a free economy; and as we have already seen, about the only hope for a continued rise in living standards, apart from longer hours and increased worker efficiency, is a revived flow of profits into new materials and products and more efficient plant and equipment.

The most serious soul-searching must be done by the unions with the more highly paid membership who customarily spearhead the demands for still higher wages. These unions should rest on their oars. It is the low-income groups who must come up. As they are left farther and farther behind they have to concentrate all their energies on the bare necessities of minimum food, clothing, and shelter. They are lost as customers. They become a menace to prosperity. They are the hapless, hopeless means by which inflation in due time ends in a bust.

But equally responsible are the employers. The manufacturer or merchant, in these delicate times, whose profits permit reasonable dividends and reinvestment, who yet raises his prices to more than offset wage and material increases—such a man is likewise driving our inflation into a disastrous and inescapable bust.

In accepting these hard facts, are we throwing the free-enterprise system overboard? At first sight, it looks as though we are. It was Adam Smith's conviction that the summation of all the selfish activities, of all the factors in business operations, resulted in the general good. It would appear that we can no longer hold to that point of view, when we ask business and labor to make their deci-

sions with the general interest in mind, as well as their own immediate self-interest.

We have one recent example of labor negotiations which bears the earmarks of having been decided, in part at least, on the basis of the general interest. I am referring to the contract recently negotiated between General Motors and the United Automobile Workers. To the extent that the general interest did enter into these negotiations, were the interests and the principles of private enterprise thrown overboard?

This is an important question. Should we say that grim necessity is leading us away from private enterprise or that only lip service can be rendered to that principle in guiding our decisions?

As for myself, I do not believe that this recognition of the general interest involves the neglect of the private interest. I hold the opposite view and for a very simple reason. The private interest is involved in the public interest. If the public interest is not served, the private interest ends in disaster. What we are faced with here is the distinction between short-range private interests and long-range private interests. As we grow in experience and intelligence, we should see further and further into our long-range interests, and except as we do this, our short-range interests will lead us into disaster.

Our safety thus depends on the development of statesmanship in our people as a whole. Only thus can we escape continued and ultimately explosive inflation, which will lead into social revolution with its accompanying physical distress and lowered standard of living to the people as a whole. We have a great challenge laid before us. That challenge we must meet with courage, with wisdom, and with determination.

Mr. President, I wish it were possible for me to present more simple means for controlling inflation. I wish it were possible, as perhaps our President hoped, for us to be called into session, pass a law, and then go home with the job done. Such a simple remedy is impossible. It is impossible because the cause and the responsibilities are broad-spread over the whole Nation and all of its citizens; and many areas of personal responsibility cannot be reached except by devices of totalitarian control which we have never tried even in wartime. The remedies can only be applied by a government whose citizens are able and willing to do their part.

To summarize, the fundamental remedies lie in the increase of production to meet an adequate but controlled purchasing power, in the interim control of the wage-cost-profit-price spiral while these longer-range adjustments are being made, and in wise fiscal controls which must be applied more slowly but can be applied more safely than the more drastic monetary remedies. I have already suggested the titles of S. 2910 which will be useful in this regard. They relate to the regulation of consumer credit and the control of bank reserves or other means of restraining the expansion of credit. This is not enough.

We have a responsibility for wages laid on organized labor and for prices laid on business which must be conscientiously met in the long-range self-interest of both labor and business. Neglect of these will start the machinery of depression.

The worker must ponder and accept the means of increased production, so far as hours of work are concerned, while he and the ordinary citizen gain understanding of the tax reforms on which their material improvement ultimately depends.

With these conditions met, government in its fiscal and monetary policies, and particularly in its fiscal policies, can lay the foundations for the more long-range solution to the problems involved in controlling the destructive process of inflation and redirecting its elements to the advantage of our society.

This is a hard way. We only deceive ourselves if we trust ourselves entirely to easier ways. Intelligence, good will, and courage will win.

THE AGRICULTURAL ACT OF 1948

Mr. AIKEN. Mr. President, there have been so many questions asked in regard to the Agricultural Act of 1948, which was passed by the Congress last June, that I desire at this time to discuss some of the purposes and the provisions of this act.

There has been some misunderstanding created concerning this legislation due to the fact that the interpretations of some people seem to have been based upon an analysis of the original bill, which was introduced for the purpose of holding hearings and obtaining testimony from experts and farm leaders, rather than upon the law as it was finally approved by the Congress.

I am not going to attempt a section-by-section analysis of the law now because this ground has been well covered by Chairman Hope of the House committee, and a comprehensive statement thereon will be found on pages A4564 to A4567 of the Appendix of the CONGRESSIONAL RECORD.

Rather, I wish to discuss the reasons for certain provisions of the bill and the effect which those who sponsored the measure believe that such provisions will have upon the agricultural and general economy of our country.

Everyone recognizes the fact that a healthy agriculture is essential to the general welfare of our entire economy. We know from experience that when agriculture becomes distressed our whole economy is in very serious trouble.

We know from experience that when agriculture does not produce sufficient quantities of food and fiber to meet the needs of our consumers, our industries, and the export demand, the effect upon prices is definitely inflationary and it becomes more difficult for low-income persons and those living on fixed incomes to make both ends meet.

It is common knowledge also that the United States has for over a century been using up its capital assets or the natural resources of the soil and that this practice must now be reversed if we as a Nation are to continue to be self-sustaining.

It was with these facts in mind that your Senate Committee on Agriculture proceeded with the development of a new and expanded agricultural program.

It is upon titles II and III of the Agricultural Act of 1948, which titles were titles III and IV of the bill S. 2318 as approved by the Senate, that I shall concentrate my remarks today.

Title I of the Agricultural Act of 1948 is the measure which was approved by the House and which, in general, continues the wartime support of basic and a few nonbasic commodities for one more year or until January 1, 1950, after which time the long-range price support program of the Senate will take effect.

As I have indicated, it was clear to the members of the committee that a well-rounded agricultural program should be one which would restore and maintain our soil resources, would provide our people with an adequate production of food and fiber at a fair cost, and would yield sufficient income to the farmer to enable him to maintain the farm and facilities at a high level of productive capacity and give him an income sufficient to support his family on a level comparable to that enjoyed by other economic groups.

Both Senate and House committees held extensive hearings on a long-range agricultural program. We did this under instructions and authority given us by the Congress in the summer of 1947.

While the committees of both Houses gave much consideration to all factors essential to a long-range farm program, the House placed greatest emphasis on the development of a long-range policy for land use and improvement.

The Senate devoted its main efforts toward a reorganization and consolidation of the soil-conservation agencies of the Department of Agriculture and toward the development of a long-range price-support program.

It was the opinion of the Senate committee that the cornerstone of a long-range farm program must be the assurance of an adequate income to the farmer.

Without a fair income it would be idle to talk of farm improvements and other things which require money.

It is also clear that a stabilized farm income is necessary if we are to achieve adequate production to meet consumer needs.

In adopting a long-range farm price-support program, the Congress has laid the cornerstone for what promises to be a most comprehensive and stable farm economy.

The two Houses of the Congress did not have the time necessary to develop and agree upon a long-range land-use policy and an expanded soil-improvement program.

Unlike the price-support program, which was urgent, a broadened land-use program was not necessary at this session to prevent our going backward.

In fact we are already making progress in the field of maintaining and improving our soil resources under existing laws.

The Soil Conservation Act of 1935 and the Triple-A Act of 1938, under which the agricultural conservation program now operates, are still the basic law of the land and progress is being made by both the Soil Conservation Service and the ACP in their fields.

The long-range price-support program, as approved by this Congress, may have its minor faults, but in it are permanently established certain indisputable principles which must endure.

Under the Agricultural Act of 1938, the Secretary of Agriculture was authorized to support the prices of corn, wheat, cotton, tobacco, and rice at prices ranging from 52 to 75 percent of parity. In 1941 peanuts were also included in this list.

These six crops are known as basic commodities. They are so called because they are produced in exportable quantities and are storable for reasonably long periods.

The other 151 kinds of agricultural commodities commonly produced in the United States are known as nonbasic commodities.

Many of these nonbasic commodities greatly exceed the basic commodities in dollar value. However, only a few of them are produced in exportable quantities and only a few lend themselves to long periods of storage without serious deterioration.

Many nonbasic commodities have been supported at 90 percent of parity during the war years under the provisions of the Steagall amendment of July 1, 1941.

The Committee on Agriculture and Forestry recognized the desirability of permanent support levels for many nonbasic as well as the basic commodities.

Before setting up definite formulas for the support of farm commodities, it was found advisable to revise the criteria upon which farm-support prices are based.

Since support prices and the parity principle were first established in 1933, a percentage of parity has been used as the basis for extending such supports.

The base period established for the determination of parity prices for farm products was the years 1910–14.

At that time prices received by farmers were more in line with the prices received by other groups of our economy than at any other time.

This base period was wisely chosen, but as time went on changing conditions and methods of production made it inequitable or unfair to many farm commodities.

New crops which were of minor importance during that 5-year period, 1910–14, became of major importance, while the development of new machinery, the change in consumer appetites, and scientific advancements had an effect upon production costs and other factors in the agricultural field.

Under legislation authorized by the Congress in the last 15 years, many different base periods have been used for various agricultural commodities which are commonly produced in this country, and for which the original base period of 1910–14 proved to be unfair.

In fact, the 1910–14 base period became so out of line that at the present time only 47 of the 157 principal agricultural commodities produced in this country are using that period.

In order to bring the different farm commodities into the proper relationship with one another, it was felt wise to modify the parity formula in such a way that parity prices for various commodities would not constantly be getting out of line.

Provision is made, therefore, in the Agricultural Act of 1948 for a new parity formula using the latest 10 years as an adjusted base period.

Inasmuch as the original 1910–14 period is still the most equitable in relating agriculture as a whole to other factors of our economy, we tie the 10-year moving period to the 1910–14 period by means of a simple formula.

Under this formula, the average price for a farm commodity for the preceding 10 years is taken.

This is divided by the percentage which farmers received for all crops during this 10-year period in relation to the price received during the years 1910 to 1914.

The result is multiplied by the percentage of prices which farmers pay today in comparison with their costs during the 1910–14 period.

Several examples of the working of this formula are given in Representative HOPE'S analysis of the bill, so I shall not elaborate further on this subject.

Suffice it to say that we believe the new parity formula will establish the proper relationship between the various agricultural commodities, and it will not be necessary to establish new base periods for different commodities from time to time.

This formula has been worked out in the light of experience over the last 15 years. It will not in any way change parity prices for agriculture as a whole. It will simply change the relationship between different agricultural commodities from year to year.

Having established a new parity formula, it was then necessary to determine at what percentage of parity it was best to support agricultural commodities.

Contrary to the opinions of some, the farm support price program is not intended to guarantee the farmers costplus or even cost of production. It simply establishes a floor below which prices cannot fall, thus guaranteeing him against a complete collapse of the market and bankruptcy.

Your committee approached the determination of a price-support level with two principal objectives: First, to secure adequate production of those commodities which we need most, while discouraging overproduction of commodities which might happen to be in surplus; second, to seek for the farmer a fair percentage of parity of income, rather than to maintain a high level of support for specific commodities.

It has been found since the war that 90 percent of parity support for certain commodities amounts to an incentive to overproduce, while discouraging a desirable change to the production of commodities which are in short supply. The question of potato support prices has been referred to very frequently. I think there should be some explanation concerning the potato situation. I wish to say that if it were not for the support price given to potatoes some 6 or 7 years ago, potatoes now might conceivably be completely priced out of the market.

It will be recalled that at the beginning of the war, when industry was offered production incentives, agriculture was also offered production incentives. The Congress said to the farmers, "If you will produce more potatoes, even at the cost of converting your farm to the production of potatoes and buying the expensive machinery necessary, so that as a Nation we may save more grain for shipment overseas, then we, the Government, will guarantee you 90 percent of parity for the duration of the war and for 2 years thereafter."

In a few short years the farmers of the United States found out, with the aid of the incentive price, how to produce approximately 70 bushels of potatoes more to the acre. We are now producing more potatoes than we need; but in supporting the price of potatoes today the Government is simply carrying out an agreement which it made with the farmers in 1941, 7 years ago. That mandatory 90 percent support level ends with this year's crop, and next year the support will undoubtedly drop. The potato growers themselves have asked to have the price level lowered, because they realize that they are getting the bad end of public opinion by overproducing this particular crop and then expecting the Government to take it off their hands.

Mr. President, the committee aimed at an average support price level of 75 percent, which means that the farmer's income should not go below 75 percent of parity.

To achieve this, the long-range portion of the new act provides that the basic commodities should be supported within the range of 60 to 90 percent of parity for each commodity. I refer to the basic commodities—just six of them.

The level of support will be determined largely by the supply of the commodity according to a formula provided for in the law. When a crop becomes in heavy surplus, the support level goes lower, in order to discourage further overproduction. As supplies become short, the support level rises, in order to encourage production of commodities in short supply.

The only exception to this formula is found in the case of tobacco which, as a result of an amendment adopted on the floor of the Senate, will be supported at 90 percent of parity to cooperators so long as marketing quotas remain in effect.

Irish potatoes, as I have mentioned, shall be supported at such a level between 60 and 90 percent of parity, as the Secretary of Agriculture may consider necessary to attain an adequate supply.

With regard to wool, in consideration of the growing shortage in the world's supply, the Secretary is directed to support the price of wool at a level which will encourage an annual production of approximately 360,000,000 pounds of shorn wool. This will likely mean a support level of 90 percent of parity for a few years at least. For the first time the wool grower can now look forward with the assurance that he will not be ruined in his effort to make the United States more nearly self-sustaining with respect to this strategic commodity.

The Secretary is authorized to support the price of nonbasic commodities at any level up to 90 percent of parity, taking

into consideration, first, the supply of the commodity in relation to the demand therefor; second, the price levels at which other commodities are being supported; third, the availability of funds; fourth, the perishability of the commodity; fifth, its importance to agriculture and the national economy; sixth, the ability to dispose of stocks acquired through a price-support operation; seventh, the need for offsetting temporary losses of export markets; and, eighth, the ability and willingness of producers to keep supplies in line with demand.

In other words, in supporting the price of potatoes or peaches or any other perishable commodity, the Secretary of Agriculture can require that culls be kept off the market. The reason for that is that in the past it has been reported that the Government has bought first-grade commodities, to keep them off the market and to support the price, and then those who have benefited by that procedure have dumped their culls on the market, in place of the others. That is a bad practice, and we think we have found a way to control it during the operation of this law.

The potato growers were particularly anxious to have placed in the bill greater controls over the marketing of commodities of inferior quality.

I wish to quote here from a statement I made on June 16 during consideration of Senate bill 2318, which will make clear the reason why the committee did not provide a fixed formula for the support of nonbasic commodities as well as for the basic commodities:

A question entered the minds of the committee as to whether we should designate certain crops which should be supported at from 60 to 90 percent of parity, as the basic commodities are to be supported under the requirements of the bill.

Then we realized that there were 151 farm commodities which were not basic. We did not know where to draw the line.

We expect that important commodities—and I include field peas, beans, potatoes, soybeans, barley, and oats—will be supported at the same rate as the basic commodities, which is 60 to 90 percent of parity.

But there are other nonbasic commodities, such as summer squash, which we would not want to support even at 10 percent of parity.

Then there are peppers and tomatoes.

Producers of various commodities have come to me suggesting that the commodity they produce should be supported.

They were mohair producers from Texas, honey producers from Iowa, Minnesota, and other States, and producers of hops.

We felt we had to leave such products to the discretion of the Secretary, but it is the belief of the committee that commodities which correspond closely to the Steagall commodities should be supported at a rate of from 60 to 90 percent of parity.

We believe that as a result of the adoption of a modernized parity formula, which will establish a proper relationship among agricultural commodities, and as a result of the setting up of a support price level which is tied to the supply, there can gradually be brought about a conversion of production from commodities which are in surplus to a greater production of commodities which are in short supply.

Operating normally, the Agricultural Act of 1948 will tend to encourage the marketing of grains, which promise to be in fairly heavy surplus in the not distant future, in the form of dairy products and meats, which are now in short supply.

An indirect but very important effect of encouraging the marketing of surplus grain in the form of meat, milk, and poultry, is that such a method of marketing will provide employment for many more people. When grain is marketed in the form of these products not only is a greater amount consumed, but more labor is required not only on the farm but in processing plants, merchandising establishments, and the services, besides providing the consumer with a higher standard of living.

In the event that all other means of holding down surpluses fail, the provision for quotas as provided in the Agricultural Act of 1948, is still retained but it is expected that quotas will be used only as a last resort in times of extreme depression or exceptionally large surpluses. Under the new law, quotas on grains may be voted when the total supply in the country reaches 120 percent of a normal supply as determined by formulas provided for in the act.

Quotas on cotton marketing may be proclaimed when the total supply reaches 108 percent of a normal supply.

Tobacco production, which has been under quotas for some years, will remain under the quota system until voted out by the producers themselves according to the provisions of the 1938 law, as amended by the 1948 act. Quotas on grains and cotton may also be voted when the average farm price does not exceed 66 percent of parity during three successive months of a marketing year.

It is believed that quotas will seldom be resorted to on grain because of the encouragement which the act provides for the marketing of grain in the form of meats, dairy, and poultry products. In the event that it is necessary to impose quotas on any crop, it would naturally follow that the farm income of the producers of such crop would drop because of the lower production permitted. Therefore, in order to make sure that farm income will not drop to unreasonably low levels, the Agricultural Act of 1948 provides that a 20-percent premium will be added to the support floor level whenever quotas are in force.

The law, however, does not permit support prices to exceed the 90 percent of parity level, except in the interest of national security. It is provided that whenever the Secretary of Agriculture determines, after a public hearing, that national security requires a support level greater than 90 percent of parity, he may prescribe such level as "is necessary in order to increase or maintain the production of any agricultural commodity in the interest of national security."

There is also an escape clause provided for in paragraph (F), section 201, which will permit the Secretary, after public hearings, to adjust the parity price of any commodity should it be found that the parity price of such commodity is seriously out of line with other commodities. It is believed that this provision will seldom, if ever, need to be resorted to. The revision of the formula for determining parity prices will result in lowering the price of certain important commodities as much as from 10 percent to 20 percent below what they would be under the old parity formula or the one which is being used at present.

In order that such drop may not be too abrupt, the act provides that there shall be no reduction in 1 year greater than 5 percent of the old parity price during the transitional period. This provision will enable the producers of the surplus crops to convert to the production of other commodities over a reasonable period of time without incurring undue losses in the support level. Of course, after conversion from surplus production to the production of more needed commodities takes place, there will be a tendency for all agricultural commodities to find an equitable and comparable price level.

Some confusion has been created through printed articles criticizing the act for not providing the forward-pricing. The original bill before the Senate Agriculture Committee did not contemplate forward-pricing, but the act as passed by the Senate and agreed to by the House will permit forward-pricing of farm commodities.

Under the act, the Secretary can announce before planting time the minimum percentage level at which basic and nonbasic commodities will be supported. It is evident that critics of this provision of the bill have drawn their conclusions from the bill originally introduced rather than the act which was finally approved.

There has also been some criticism of the act by those who believe that it will force the Government extensively into the business of buying and selling farm commodities in supporting farm prices. These critics also have been drawing their conclusions from the bill which was introduced rather than the act itself. The act provides that the Secretary "is authorized to support prices of agricultural commodities to producers through loans, purchases, payments, and other operations."

This provision, authorizing the support of prices through payments, should go far in enabling the Secretary to keep out of the business of actually buying, taking title to, and selling farm commodities and thus hold to a minimum the amount of money necessary for the carrying out of the purposes of this act.

It was the intent of the Senate Agriculture Committee in writing the bill to encourage the handling of farm commodities through normal channels of trade to the maximum extent practicable. In fact, the committee believes that all means of securing markets for surpluses through the regular channels of trade should be exhausted before direct support should be resorted to. I quote from the last sentence of section 302 (a) of the act which reads:

The Secretary shall in all cases give consideration to the practicability of supporting

prices indirectly, as by the development of improved merchandising methods, rather than directly by purchase or loan.

The Secretary is authorized to support prices for both basic and nonbasic commodities through the Commodity Credit Corporation, but it is further provided:

The Commodity Credit Corporation shall not carry out any operation to support the price of any nonbasic agricultural commodity (other than Irish potatoes) which is so perishable in nature as not to be reasonably storable without excessive loss or excessive cost.

It is not intended that the Commodity Credit Corporation shall engage in the business of supporting commodity prices, where substantial losses may be expected. Any support operations of nonbasic commodities upon which losses may reasonably be expected are to be carried out by the Secretary through other means available to him, such as those provided by section 32, Public Law No. 320, Seventy-fourth Congress, and for this purpose the act provides that section 32 funds may accumulate to the extent of $300,000,000.

The act also provides means by which the Commodity Credit Corporation may dispose of any commodities acquired by it for certain purposes and at such prices as are provided for in the act.

Such means of disposal are found in section 302 (a) (4) h, which I quote:

The Commodity Credit Corporation shall not sell any farm commodity owned or controlled by it at less than (1) a price determined on a pricing basis for its stocks of such commodity on hand, which makes due allowance for grade, type, quality, location, and other factors and which is reasonably calculated to reimburse it for costs incurred by it with respect to such stocks; (2) a price half-way between the support price, if any, and the parity price of such commodity; or (3) a price equivalent to 90 percent of the parity price of such commodity, whichever price is the lowest, except that the foregoing restrictions shall not apply to (A) sales for new or byproduct uses; (B) sales of peanuts for the extraction of oil; (C) sales for seed or feed if such sales will not substantially impair any price-support program; (D) sales of commodities which have substantially deteriorated in quality or of nonbasic perishable commodities where there is danger of loss or waste through spoilage; (E) sales for the purpose of establishing claims against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity; (F) sales for export; (G) sales of wool; and (H) sales for other than primary uses.

It is believed that the disposal methods so prescribed will interfere with normal markets to a minimum degree if at all.

Mr. President, besides the Agricultural Act of 1948, the Eightieth Congress has enacted other legislation which will contribute greatly to the eventual completion of a sound program for agriculture.

Crop insurance will play a very important part in any complete program.

Unfortunately, the initial attempt at crop insurance authorized by the Congress in 1938 resulted in a loss of nearly a hundred million dollars, principally on cotton.

The Eightieth Congress has revised the Crop Insurance Act, putting it upon a sound experimental basis.

So far, the new program has proven workable and has operated without loss.

In a few years' time, we should know enough about crop insurance to broaden this program to a great degree.

The Eightieth Congress has also approved a new charter for the Commodity Credit Corporation, which gives permanent status to this important agency of Government, and with an authorization of $100,000,000 in capital stock.

One of the most important acts of this Congress intended to promote a prosperous agriculture has been the authorization of $800,000,000 in loans for rural electrification.

This is by far the largest authorization for this work given by any Congress.

At this rate, it will not be long before all farms in the United States, which can feasibly be provided with electric light and power, will have such light and power made available to them.

Large increases have also been made in appropriations for expanding a State-Federal secondary-road program.

Such an expansion in the farm-to-market highway program, which is five times as large as that appropriated for in any previous year, will greatly benefit both the farmers and consumers.

The Bankhead-Jones Farm Tenant Act was amended in June 1948 with the expectation that greater impetus will be given to the ownership of farms by those who now occupy them as tenants.

Many other laws of lesser importance have been enacted in the interest of a prosperous agriculture.

Our work is not done, however, but we have made remarkable strides in the right direction.

We still have before us further consideration of a general land-use policy and soil-improvement program.

The organization of the United States Department of Agriculture requires further examination in the interest of economical and efficient operation.

A competent committee of the Hoover Commission is now engaged in making such study and will undoubtedly have valuable recommendations to make to the Eighty-first Congress.

The entire farm credit structure should be thoroughly reviewed with a view to providing adequate agricultural credit efficiently and at the least cost.

We have the problem of getting food from the farm to the consumers, particularly low-income consumers, at more reasonable cost and by equitable distribution with the least possible disturbance to the normal channels of trade.

The study of American agriculture is and should be a never-ending process, but I state unequivocally—and the record bears me out—that the Eightieth Congress has made remarkable progress toward a more productive and prosperous agriculture.

Mr. TAFT obtained the floor.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. TAFT. I yield for a brief statement.

MAW ATTACK ON DEWEY WILL HAVE LITTLE EFFECT

Mr. WATKINS. Mr. President, recently, attention has been focused upon statements alleged to have been made by Governor Dewey, the Republican candidate for the Presidency of the United States, relative to a school teachers' lobby.

The Democratic National Committee has issued statements by two New Deal governors, Governor Gruening, of Alaska, who is there by appointment of a Democratic President, and Governor Maw, of Utah.

The intent unquestionably was to turn the teachers of the United States against the Republican candidate. Governors Maw and Gruening are the committee's star witnesses. They were brought in to offset the Dewey denial.

The attempt of the Governor of my State, Herbert B. Maw, to picture Governor Dewey of New York as the enemy of the school teacher, through giving out what Mr. Maw claims were the remarks of Governor Dewey at a governors' conference held recently, has not been generally accepted at face value. His statement has been discussed by the famous veteran political writer, Gould Lincoln, in a feature article appearing in a recent issue of the Washington Star, an independent newspaper. Said Mr. Lincoln:

Even for election year midsummer politics this is on the childish side. Governor Dewey is the Republican nominee for President, otherwise neither Governor Maw nor the Democratic committee would have thought up such a charge. The school teachers of New York are better paid than the teachers in any other State of the Union or anywhere else in the world. The present salaries of the teachers are the results of increases given during Mr. Dewey's 6-year tenure of office as governor.

The Maw charge grows out of a desire to make political use of the antagonism of some of the more radical school teachers for Mr. Dewey because the New York Governor sponsored the Condon-Wadlin law enacted by the New York Legislature and approved by Governor Dewey which prohibits strikes by public employees. This was passed when public-school teachers in Buffalo were on strike.

It is not clear whether Governor Maw and the Democratic National Committee are in favor of permitting strikes by public employees, including school teachers. Perhaps it would help to clear the air if they would individually or collectively make a statement on that question.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. WATKINS. I yield to the Senator from Ohio.

Mr. TAFT. The Senator knows, of course, that in the Taft-Hartley law there is a prohibition against striking by any Government employee. That law was voted for by a majority of the Democrats in the Senate. The same provision has been contained in a number of appropriation bills which have been approved by all the Democrats in the Senate. So that Governor Maw's position seems to be somewhat different from that of most of the Democrats in the Senate, at any rate.

Mr. WATKINS. I thank the Senator for calling that fact to my attention.

I regret that the Governor of my State has brought himself into this controversy. It is not a pleasant thing to call to the attention of the people of the United States outside of Utah who may be fooled by what he has said, several facts in connection with the Governor.

In Utah he is regarded as a "coattail" governor, a governor who came into power in two elections on the coattails of Franklin D. Roosevelt. At each election Governor Maw ran from 48,000 to 50,000 votes behind his ticket—only getting by by narrow margins. This was generally regarded as a repudiation by thousands of Democrats who knew his record while he was a member of the State Legislature of Utah.

As far as Utah voters are concerned, no serious attention need be paid to what Governor Maw has said about Governor Dewey. It will not hurt Governor Dewey's chances in that State at all.

To the rest of the country it should be said that Governor Maw is the same person who made the charge that the Republican Congress was squeezing the lifeblood out of reclamation in the West and that it was destroying this program. It will be remembered that he said this in spite of the fact that the Eightieth Congress has made larger appropriations for both water and power development in the West than any other Congress in the history of the United States. The Republican record cannot be successfully challenged.

Governor Maw will also be remembered for making ultraconservative speeches at governors' conferences held outside Utah, while at home he so conducted himself that he became, and still is, the darling of radical New Dealers.

The article written by Mr. Lincoln is very interesting and instructive. I believe it is of sufficient interest that all Members of the Congress should have an opportunity to read it. I therefore request Mr. President, that the entire article be printed in the body of the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ATTACK ON DEWEY AS FOE OF TEACHERS IS CHILDISH—CAPITAL MADE OF BAN ON STRIKES BY NEW YORK PUBLIC EMPLOYEES

(By Gould Lincoln)

Utah's Governor Maw, through the Democratic National Committee, or vice versa, is undertaking to picture Governor Dewey of New York as the enemy of school teachers.

Even for election year midsummer politics this is on the childish side. Governor Dewey is the Republican nominee for President, otherwise neither Governor Maw nor the Democratic committee would have thought up such a charge. The school teachers of New York are better paid than the teachers in any other State of the Union or anywhere in the world. The present salaries of the teachers are the results of increases given during Mr. Dewey's 6-year tenure of office as Governor.

The Maw charge grows out of a desire to make political use of the antagonism of some of the more radical school teachers for Mr. Dewey because the New York Governor sponsored the Condon-Wadlin law enacted by the New York Legislature and approved by Governor Dewey which prohibits strikes by public employees. This was passed when public school teachers in Buffalo were on strike.

AIR SHOULD BE CLEARED

It is not clear whether Governor Maw and the Democratic National Committee are in favor of permitting strikes by public employees, including school teachers. Perhaps it would help to clear the air if they would individually or collectively make a statement on that question.

The Democratic administration, which has ruled in Washington for nearly 16 years, has been opposed to strikes by Goverment employees and properly so. President Truman, Governor Dewey's opponent in the Presidential race this year, has no use either for strikes by employees of those privately owned agencies which vitally affect the life of the American people. Indeed, Mr. Truman went so far as to ask of Congress legislation permitting him to draft railroad workers into the armed services so as to give him absolute power to keep them at work when a railroad strike was ordered.

It is a strange move now for the Democratic national organization to seek to indict Governor Dewey for being opposed to strikes by school teachers and other employees of the State. Governor Dewey, as a matter of fact, has an excellent record as Governor in his dealings with and attitude toward organized labor.

EWING HIT IN CHARGE

While this fantastic charge of unfriendliness to school teachers is laid against Governor Dewey, the Truman administration is accused by John W. Studebaker, for years United States Commissioner of Education, of preventing the Office of Education from "exposing the tactics and dangers of communism" in public and other schools. Mr. Studebaker complains that censorship was imposed on him and the Office of Education by Oscar Ewing, Federal Security Administrator, and also an officer of the Democratic National Committee. Mr. Ewing was a strong supporter of the nomination of President Truman and wanted to be his running mate.

Mr. Studebaker protested vigorously against this censorship. More recently he sent copies of a letter in which he made these charges against Mr. Ewing to members of the House and Senate Appropriations Committees. It was only on July 15 that Mr. Studebaker retired as Commissioner of Education. He charged that efforts were being made to soft-pedal the teaching of anticommunism in the schools.

The Office of Education is a part of the Federal Security Administration. If Mr. Studebaker's charges are true, it is another indication that the Democrats are playing up to the "Pinks" if not the Reds.

AMENDMENT OF THE NATIONAL HOUSING ACT

The Senate resumed the consideration of the bill (H. R. 6959) to amend the National Housing Act, as amended, and for other purposes.

Mr. TAFT. Mr. President, I do not intend to do more than state very briefly the present situation with respect to housing.

There are two bills before us, both substitutes for the House bill. I think that undoubtedly the debate on the subject will last some time, and Senators will wish to consider the bill so that they may understand exactly what the issues are. Therefore I shall not press for a vote this evening. When the Senate recesses, perhaps at 6 or 7 o'clock, it will recess until 11 o'clock tomorrow morning. I hope that we may reach a vote on the housing question as early as possible tomorrow.

Mr. President, the general situation is that the House passed a bill before the recess in June, House bill 6959. That bill was referred to the Senate Committee on Banking and Currency.

The subcommittee of that committee prepared a bill, which appears in the so-called committee print which is before the Senate, and which I think Senators will find on their desks. That bill incorporates various portions of Senate bill 866, which was passed by the Senate and ignored by the House. I think it contains one or two provisions of H. R. 6959, and contains one or two additional measures which have come up attempting in general to straighten out difficulties which have arisen in the housing situation. I shall speak somewhat more at length on the bill a little later.

The Senate Committee on Banking and Currency, however, rejected the subcommittee report, and by a vote of 7 to 5, I think it was, and substituted instead the original Senate bill 866 as it passed the Senate. So that the Senate now has before it H. R. 6959, with a committee amendment striking out all after the enacting clause and inserting S. 866. It is my understanding the Senator from Wisconsin (Mr. MCCARTHY) will offer the subcommittee substitute which appears in the committee print, and the main issue in the Senate therefore will be between S. 866 as recommended by the committee as a substitute, and the subcommittee substitute.

The principal difference lies in the fact that the subcommittee substitute does not include any low-rent subsidized housing, nor does it include the urban redevelopment. Those are the main differences between the bills.

I merely desired to state the situation. I shall deal later with what is in the bills.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. LUCAS. I should like to propound one question. Is the bill which has now been reported by the Committee on Banking and Currency in the identical language of the Taft-Ellender-Wagner bill which was passed in the last days of the last session?

Mr. TAFT. I think there are some minor differences. For instance, the paraplegic section has already been passed in a different bill, and I think there are one or two other changes.

Mr. TOBEY. There is no salient change at all.

Mr. LUCAS. No important changes?

Mr. TAFT. No.

Mr. FLANDERS. Mr. President, I think I can answer rather more specifically the question asked by the Senator from Illinois. We eliminated section 603, which is the most inflationary provision in the T-E-W bill. Title II of FHA has demonstrated such strength that the inflationary 603 referring to poor-family housing is not required. We have also made certain corrections in the secondary mortgage-market provision, commonly known as the Jenner bill, passed on the last day of the regular session to replace title II of the T-E-W bill. I will say that the Jenner bill has met with administrative difficulties, and the changes we have made are changes which were suggested by the subcommittee in the subcommittee bill.

As stated, we also eliminated title VIII of the T-E-W bill, the paraplegic provision.

Mr. McCARTHY obtained the floor.

Mr. TOBEY. Mr. President——

Mr. McCARTHY. I yield to the Senator from New Hampshire.

Mr. TOBEY. I thank the Senator for his courtesy.

Mr. President, there is an admonition of the Scriptures to avoid vain repetitions. The action contemplated by taking a vote this afternoon is in my judgment another vain repetition. Here on my desk is paper, here are books, here are pamphlets, here are hearings, here is evidence, coming down through the years, 3 or 4 years, and embodied in these and many more I could bring here are countless and endless data and voluminous testimony on housing.

The Senate took these data to heart and twice passed a bill favoring the issues which are deleted from the housing bill by the substitute of the distinguished Senator from Wisconsin. So the Taft-Ellender-Wagner bill, as handled by the special committee, came in devoid of the two salients, namely, public housing and slum clearance, and those of us who from conviction believe that this Nation needs public housing and slum clearance to make a start in this great improvement in human affairs, stand solidly against the substitution.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. TOBEY. I yield.

Mr. SPARKMAN. I should like to call the Senator's attention to another very important provision left out of the substitute, that is, the one relating to rural housing.

Mr. TOBEY. I was just coming to that. That was considered on the floor of the Senate and adopted by the Senate last spring.

Here is the issue, Mr. President. We are going to vote today or tomorrow on whether, under the aegis of the Senator from Wisconsin, we shall strike from the housing bill provisions for public housing, slum clearance and urban rehabilitation. I think the issue is perfectly clear. I believe that the vote was 49 to 33 the last time the question was voted on, in April or May, when the Senate repudiated the effort to strike out public housing. We have taken our stand. Now gentlemen come to us and say, "If you pass this bill you will have no public housing."

Mr. President, I do not like ultimatums, and never did. They sometimes breed war. But I accept that challenge, wherever it comes from, that "if you pass this bill with public housing and slum clearance in it, which twice was passed, you are not going to get any housing legislation." But Mr. President, whoever is saying this may be playing poker. Let us find out who is controlling the interests of humanity in this country. Where has government of the people, for the people, and by the people gone if one man, the head of a powerful committee of one branch of Congress, may say, "We will not let the people's representatives vote on public housing, slum clearance, and urban rehabilitation"? That is the essence of the matter before us, and that is the issue. On that issue I accept the challenge. And I will see those from whence that challenge comes—well, Senators know where—in any part of the Capitol, any time. [Laughter.]

Now ladies and gentlemen in the galleries, and the public at large, and the Congress, let me say that there is just one duty on us this afternoon: That is to back up the Taft-Ellender-Wagner bill; repudiate any substitution for it, and carry it through, as we are all pledged to do, both great parties having pledged themselves to it, having expressed their deep interest in public housing for the common people of the country, and let us give homes to people who are underprivileged, so they can say, "It is a good land after all. Thank God for the privilege of living in America where home life is placed over everything else."

As Calvin Coolidge, when he was at the other end of the Avenue, so well said:

> Look well to the hearths of America. There all hope for our safety lies. If anything happens to the hearthstones, to the homes, the roofs over the people's heads, and if there will not be decent living there and an era of good feeling and contentment, look out for your country, my friends.

I believe it not only ought to be a matter of politics with us, but a principle of our religion.

Some 2,000 years ago it was said:

> Bear ye one another's burdens, and so fulfill the law of Christ.

He, Paul, also said:

> We then that are strong ought to bear the infirmities of the weak, and not to please ourselves.

Is that not so? If anyone thinks it is not so there is something wrong with him. And, Mr. President, there is something wrong with any group or with any party that is not moved by those words.

We are here only 60 or 70 years, and then for us there will be no tomorrow on earth. Let it be said of the Eightieth Congress in this brief session: "They measured up to a great trust, they kept faith with the common people; they carried through consistently what they have done twice before."

A bas! Get out with your substitutes! We stand by the great principles of humanity, adequate public housing and slum clearance.

Mr. LUCAS. Mr. President, before the Senator from New Hampshire takes his seat will he yield to me?

Mr. TOBEY. I yield.

Mr. LUCAS. Is there anything that has occurred since the Senate adjourned that should change the vote of anyone who voted for this bill during the last session of Congress?

Mr. TOBEY. By no stretch of the imagination could I conceive of anything.

Mr. LUCAS. The Senator, of course, has followed this matter very closely, and I was wondering whether or not he believed there was anything in the question of economy or politics or anything of that kind which would create any different vote from what we had here in the closing days of the second session of the Eightieth Congress.

Mr. TOBEY. The answer is "No." I may say to the Senator, while I am on my feet, that in my 15 years in both branches of Congress I have never seen any measure which had such a broad, bipartisan approach and support as there has been to this housing measure on the floor of the Senate of the United States. The record will show that.

Mr. LUCAS. Mr. President, I am glad the Senator from New Hampshire accepts the challenge of one individual in the Congress who has prohibited the representatives of the people from voting their convictions one way or the other upon what seems to me to be one of the most vital questions that face the American people today.

Mr. DWORSHAK. Mr. President, will the Senator from Wisconsin yield to me so I may suggest the absence of a quorum?

Mr. McCARTHY. I am glad to yield for that purpose.

Mr. DWORSHAK. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hatch	Murray
Baldwin	Hawkes	Myers
Ball	Hayden	O'Conor
Barkley	Hickenlooper	O'Mahoney
Brewster	Hill	Pepper
Bricker	Hoey	Reed
Bridges	Holland	Revercomb
Brooks	Ives	Robertson, Va.
Buck	Jenner	Robertson, Wyo.
Butler	Johnson, Colo.	Russell
Byrd	Johnston, S. C.	Saltonstall
Cain	Kem	Smith
Capehart	Kilgore	Sparkman
Capper	Knowland	Stennis
Connally	Langer	Taft
Cooper	Lodge	Taylor
Cordon	Lucas	Thomas, Okla.
Donnell	McCarthy	Thomas, Utah
Downey	McClellan	Thye
Dworshak	McFarland	Tobey
Eastland	McGrath	Tydings
Ecton	McKellar	Umstead
Ellender	McMahon	Vandenberg
Feazel	Magnuson	Watkins
Ferguson	Malone	Wherry
Flanders	Martin	Wiley
Fulbright	Millikin	Williams
Green	Moore	Wilson
Gurney	Morse	Young

The PRESIDING OFFICER. Eighty-seven Senators have answered to their names. A quorum is present.

Mr. McCARTHY. Mr. President, I send to the desk two amendments, one labeled A and one labeled B. I should now like to call up amendment A and ask for its immediate consideration. In view of the length of the amendment, I ask unanimous consent that its reading be waived, and that it be printed in the RECORD. Senators will find the amendment on their desks in the committee print of House bill 6959, beginning on page 55 and continuing through page 94.

Before proceeding with this method of calling up the amendments, I should like to invite the attention of the Senator from New Hampshire [Mr. TOBEY] and the Senator from Vermont [Mr. FLANDERS] to the fact that, as they know, there are various ways in which we can get a vote between the two bills at this time. I believe that the clearest way is by calling up my amendments, as perfecting amendments to the House bill,

as I propose to do unless there is objection on their part, so as first to perfect the House bill, and then let the Senator from Vermont make his motion to substitute the Taft-Ellender-Wagner bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin?

Mr. FLANDERS. Mr. President, I am not clear as to the parliamentary procedure suggested. By unanimous consent the "measure"—or whatever term it was decided the other day to use—before the Senate, I understand to be the housing bill, as reported, which is House bill 6959, with a somewhat modified Taft-Ellender-Wagner bill as an amendment, in a measure of substitution. Just what status does the proposal made by the junior Senator from Wisconsin have?

Mr. McCARTHY. May I give the Senator the picture?

Mr. FLANDERS. I am making a parliamentary inquiry.

Mr. WHERRY. Is there objection to the unanimous consent request made by the Senator from Wisconsin?

Mr. LUCAS. Mr. President, reserving the right to object——

Mr. WHERRY. Is the Senator from Vermont reserving the right to object?

Mr. FLANDERS. I am inquiring as to the parliamentary situation, to find out whether or not such a course is feasible. I am directing the question to the Chair.

Mr. McCARTHY. Mr. President, I merely asked for consent to print the amendment in the RECORD and waive its reading, because of the length of the amendment, and because Senators have the amendment on their desks.

Mr. FLANDERS. As I understand, that has been agreed to.

Mr. McCARTHY. I am calling up a perfecting amendment to the House bill, House bill 6959, at this time. As I stated, I do not feel strongly about handling it in this manner. If the Senator from Vermont has any serious objection, I should be glad to consider it. By following this procedure, which, of course, I have the right to follow, we can perfect the House bill by offering two amendments.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. TAFT. I suggest that the Senator offer a substitute for the committee substitute. It seems to me that then the issue would be clear.

Mr. McCARTHY. The reason I have not done so is that a number of Senators feel that they would be obliged to offer perfecting amendments to the committee substitute.

Mr. TAFT. That is all right.

Mr. McCARTHY. A great deal of time would be wasted by so doing. I think we shall have a much clearer issue if we first offer our subcommittee bill in this fashion, as a substitute for the House bill. The only way I can do that——

Mr. ROBERTSON of Virginia. Mr. President, will the Senator yield to me?

Mr. McCARTHY. Let me finish. The only way I can do that, I think, is to offer it in the form of perfecting amendments. I have split the bill into two amendments. That will give us precedence in voting. As I say, I do not feel strongly about it. A number of Senators have told me that they would like to dispose of this issue first.

Mr. ROBERTSON of Virginia. Mr. President, I very much fear that the Senator from Wisconsin is going to get us into an interminable parliamentary tangle. I am very much in favor of the revised Taft bill which the Senator wishes to offer as a substitute for what the committee actually reported.

There is only one clear, safe procedure to follow. First we have a House bill, and then we have a committee amendment to the House bill. Unless the Senator from Wisconsin offers a complete substitute for the committee amendment, there will be confusion about the voting, and we shall wind up with a futility. I beg the Senator from Wisconsin not to follow the procedure which he has indicated, by offering a number of separate perfecting amendments. Let us do the job with one amendment. The Senator has the entire bill before him. We discussed it in committee. The Senator knows what members of the committee are with him, and we know what is in that bill. I beg the Senator to proceed with the substitute, and have a clear-cut test, because in essence the bill which I want the Senator to offer as a substitute eliminates the public housing and redevelopment features of the original Taft-Ellender-Wagner bill. The remainder is a revision of the Taft-Ellender-Wagner bill which the distinguished Senator from Ohio told us this morning was in his opinion an improvement over the original bill.

Mr. TAFT. Mr. President, I did not say that. Later I shall make plain what I said.

Mr. ROBERTSON of Virginia. We know that there are many good features in the bill which the Senator from Wisconsin is sponsoring, and which I am prepared to support; but unless he offers it as a substitute, we shall be in a parliamentary tangle, and we shall not know whether we are going or coming, by the time we act on a number of different amendments, and have the question raised as to amendments in the second degree and amendments in the third degree. Something we want may be ruled out as an amendment too far removed.

Mr. McCARTHY. Mr. President, I am glad to have the suggestion of the Senator from Ohio and the suggestion of the Senator from Virginia. I believe those suggestions are well taken. For that reason, Mr. President, I now offer amendments A and B as one amendment, as a substitute amendment, not for the original House bill 6959, but as a substitute for the substitute amendment offered by the Senator from Vermont [Mr. FLANDERS].

The amendment offered by Mr. McCARTHY is as follows:

Be it enacted, etc., That this act be cited as the "Housing Act of 1948."

TITLE I—FHA TITLE VI AND TRANSITIONAL PERIOD AMENDMENTS

SEC. 101. The National Housing Act, as amended, is hereby amended as follows:

TITLE VI AMENDMENTS

(a) Section 603 (a) is amended—

(1) By striking out "$5,350,000,000" and inserting in lieu thereof "$5,750,000,000 except that with the approval of the President such aggregate amount may be increased to not to exceed $6,150,000,000";

(2) By striking out the second proviso and inserting in lieu thereof the following: "*Provided further*, That no mortgage shall be insured under section 603 of this title after April 30, 1948, except (A) pursuant to a commitment to insure issued on or before April 30, 1948, or (B) a mortgage given to refinance an existing mortgage insured under section 603 of this title and which does not exceed the original principal amount and unexpired term of such existing mortgage, and no mortgage shall be insured under section 608 of this title after March 31, 1949, except (i) pursuant to a commitment to insure issued on or before March 31, 1949, or (ii) a mortgage given to refinance an existing mortgage insured under section 608 of this title and which does not exceed the original principal amount and unexpired term of such existing mortgage: *Provided further*, That no mortgage shall be insured under section 608 of this title unless the mortgagor certifies under oath that in selecting tenants for the property covered by the mortgage he will not discriminate against any family by reason of the fact that there are children in the family, and that he will not sell the property while the insurance is in effect unless the purchaser so certifies, such certifications to be filed with the Administrator; and violation of any such certification shall be a misdemeanor punishable by a fine of not to exceed $500:".

(b) Section 608 (b) (3) (B) is amended by striking out the semicolon and the word "and" at the end of the first proviso and inserting in lieu thereof a colon and the following: "*And provided further*, That the principal obligation of the mortgage shall not, in any event, exceed 90 percent of the Administrator's estimate of the replacement cost of the property or project on the basis of the costs prevailing on December 31, 1947, for properties or projects of comparable quality in the locality where such property or project is to be located; and".

(c) Section 608 (b) (3) (C) is amended—

(1) By striking out "$1,500 per room" and inserting in lieu thereof "$8,100 per family unit"; and

(2) By striking out the colon and the proviso and inserting in lieu thereof a period.

(d) Section 609 is amended—

(1) By striking out all of paragraph (1) of subsection (b) and inserting in lieu thereof the following:

"(1) The manufacturer shall establish that binding purchase contracts have been executed satisfactory to the Administrator providing for the purchase and delivery of the houses to be manufactured, which contracts shall provide for the payment of the purchase price at such time as may be agreed to by the parties thereto, but, in no event, shall the purchase price be payable on a date in excess of 30 days after the date of delivery of such houses, unless not less than 20 percent of such purchase price is paid on or before the date of delivery and the lender has accepted and discounted or has agreed to accept and discount, pursuant to subsection (i) of this section a promissory note or notes, executed by the purchaser, representing the unpaid portion of such purchase price, in which event such unpaid portion of the purchase price may be payable on a date not in excess of 180 days from the date of delivery of such houses;".

(2) By striking out the first and second sentences of paragraph (4) of subsection (b) and inserting in lieu thereof the following:

"The loan shall involve a principal obligation in an amount not to exceed 90 percent of the amount which the Administrator estimates will be the necessary current cost, exclusive of profit, of manufacturing the houses, which are the subject of such purchase contracts assigned to secure the loan, less any sums paid by the purchaser under said purchase contracts prior to the assignment thereof. The loan shall be secured by

an assignment of the aforesaid purchase contracts and of all sums payable thereunder on or after the date of such assignment, with the right in the assignee to proceed against such security in case of default as provided in the assignment, which assignment shall be in such form and contain such terms and conditions, as may be prescribed by the Administrator; and the Administrator may require such other agreements and undertakings to further secure the loan as he may determine, including the right, in case of default or at any time necessary to protect the lender, to compel delivery to the lender of any houses then owned and in the possession of the borrower."

(3) By adding at the end of subsection (f) the following new sentence: "The provisions of section 603 (d) shall also be applicable to loans insured under this section and the reference in said section 603 (d) to a mortgage shall be construed to include a loan or loans with respect to which a contract of insurance is issued pursuant to this section."

(4) By adding at the end thereof the following new subsection:

"(i) (1) In addition to the insurance of the principal loan to finance the manufacture of housing, as provided in this section, and in order to provide short-term financing in the sale of houses to be delivered pursuant to the purchase contract or contracts assigned as security for such principal loan, the Administrator is authorized, under such terms and conditions and subject to such limitations as he may prescribe, to insure the lender against any losses it may sustain resulting from the acceptance and discount of a promissory note or notes executed by a purchaser of any such houses representing an unpaid portion of the purchase price of any such houses. No such promissory note or notes accepted and discounted by the lender pursuant to this subsection shall involve a principal obligation in excess of 80 percent of the purchase price of the manufactured house or houses; have a maturity in excess of 180 days from the date of the note or bear interest in excess of 4 percent per annum; nor may the principal amount of such promissory notes, with respect to any individual principal loan, outstanding and unpaid at any one time, exceed in the aggregate an amount prescribed by the Administrator.

"(2) The Administrator is authorized to include in any contract of insurance executed by him with respect to the insurance of a loan to finance the manufacture of houses, provisions to effectuate the insurance against any such losses under this subsection.

"(3) The failure of the purchaser to make any payment due under or provided to be paid by the terms of any note or notes executed by the purchaser and accepted and discounted by the lender under the provisions of this subsection, shall be considered as a default under this subsection, and if such default continues for a period of 30 days, the lender shall be entitled to receive the benefits of the insurance, as provided in subsection (d) of this section except that debentures issued pursuant to this subsection shall have a face value equal to the unpaid principal balance of the loan plus interest at the rate of 4 percent per annum from the date of default to the date the application is filed for the insurance benefits.

"(4) Debentures issued with respect to the insurance granted under this subsection shall be issued in accordance with the provisions of section 604 (d) except that such debentures shall be dated as of the date application is filed for the insurance benefits and shall bear interest from such date.

"(5) The Administrator is authorized to fix a premium charge for the insurance granted under this subsection, in addition to the premium charge authorized under subsection (h) of this section. Such premium charge shall not exceed an amount equivalent to 1 percent of the original principal of such promissory note or notes and shall be paid at such time and in such manner as may be prescribed by the Administrator."

(e) Section 610 is amended by adding at the end thereof the following new paragraph:

"The Administrator is further authorized to insure or to make commitments to insure in accordance with the provisions of this section any mortgage executed in connection with the sale by the Government, or any agency or official thereof, of any of the so-called Greenbelt towns, or parts thereof, including projects, or parts thereof, known as Greenhills, Ohio; Greenbelt, Md.; and Greendale, Wis., developed under the Emergency Relief Appropriation Act of 1935, or of any of the village properties under the jurisdiction of the Tennessee Valley Authority, and any mortgage executed in connection with the first resale, within 2 years from the date of its acquisition from the Government, of any portion of a project or property which is the security for a mortgage insured pursuant to the provisions of this section."

(f) Title VI is amended by adding after section 610 the following new section:

"SEC. 611. (a) In addition to mortgages insured under other sections of this title, and in order to assist and encourage the application of cost-reduction techniques through large-scale modernized site construction of housing and the erection of houses produced by modern industrial processes, the Administrator is authorized to insure mortgages (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided.

"(b) To be eligible for insurance under this section, a mortgage shall—

"(1) have been made to and be held by a mortgagee approved by the Administrator as responsible and able to service the mortgage properly;

"(2) cover property, held by a mortgagor approved by the Administrator, upon which there is to be constructed or erected dwelling units for not less than 25 families consisting of a group of single-family dwellings approved by the Administrator for mortgage insurance prior to the beginning of construction: *Provided*, That during the course of construction there may be located upon the mortgaged property a plant for the fabrication or storage of such dwellings or sections or parts thereof, and the Administrator may consent to the removal or release of such plant from the lien of the mortgage upon such terms and conditions as he may approve;

"(3) involve a principal obligation in an amount—

"(A) not to exceed 80 percent of the amount which the Administrator estimates will be the value of the completed property or project, exclusive of any plant of the character described in paragraph (2) of this subsection located thereon, and

"(B) not to exceed a sum computed on the individual dwellings comprising the total project as follows: $6,000 or 80 percent of the valuation, whichever is less, with respect to each single-family dwelling.

"With respect to the insurance of advances during construction, the Administrator is authorized to approve advances by the mortgagee to cover the cost of materials delivered upon the mortgaged property and labor performed in the fabrication or erection thereof;

"(4) provide for complete amortization by periodic payments within such term as the Administrator shall prescribe and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4 percent per annum on the amount of the principal obligation outstanding at any time: *Provided*, That the Administrator, with the approval of the Secretary of the Treasury, may prescribe by regulation a higher maximum rate of interest, not exceeding 4½ percent per annum on the amount of the principal obligation outstanding at any time, if he finds that the mortgage market demands it. The Administrator may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release.

"(c) Preference or priority of opportunity in the occupancy of the mortgaged property for veterans of World War II and their immediate families and for hardship cases as defined by the Administrator shall be provided under such regulations and procedures as may be prescribed by the Administrator.

"(d) The provisions of subsections (c), (d), (e), and (f) of section 608 shall be applicable to mortgages insured under this section."

TITLE II AMENDMENTS

(g) Section 203 (b) (2) (B) is amended by striking out "$5,400" and inserting in lieu thereof "$6,300."

(h) Section 203 (b) (2) (C) is amended—

(1) By striking out "$8,600" and inserting in lieu thereof "$9,500";

(2) By striking out "$6,000" in each place where it appears and inserting in lieu thereof "$7,000";

(3) By striking out "$10,000" and inserting in lieu thereof "$11,000."

(i) Section 203 (b) is amended by striking out in paragraph numbered (3) the following: "of the character described in paragraph (2) (B) of this subsection" and inserting in lieu thereof the following: "on property approved for insurance prior to the beginning of construction."

(j) Section 203 (b) is amended as follows:

(1) By striking out the period at the end of paragraph (2) (C), inserting in lieu thereof a comma and the word "or", and adding the following new paragraph:

"(D) not to exceed $6,000 and not to exceed 90 percent of the appraised value, as of the date the mortgage is accepted for insurance (or 95 percent if, in the determination of the Administrator, insurance of mortgages involving a principal obligation in such amount under this paragraph would not reasonably be expected to contribute to substantial increases in costs and prices of housing facilities for families of moderate income), of a property, urban, suburban, or rural, upon which there is located a dwelling designed principally for a single-family residence which is approved for mortgage insurance prior to the beginning of construction: *Provided*, That the Administrator may by regulation provide that the principal obligation of any mortgage eligible for insurance under this paragraph shall be fixed at a lesser amount than $6,000 where he finds that for any section of the country or at any time a lower-cost dwelling for families of lower income is feasible without sacrifice of sound standards of construction, design, and livability: *And provided further*, That with respect to mortgages insured under this paragraph the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least 10 percent (or 5 percent, in the case of a 95 percent mortgage insured pursuant to this paragraph (D)) of the appraised value in cash or its equivalent, or shall be the builder constructing the dwelling in which case the principal obligation shall not exceed 85 percent of the appraised value of the property."

(2) By striking out the period at the end of paragraph numbered (3), and adding a comma and the following: "or not to exceed 30 years in the case of a mortgage insured under paragraph (2) (D) of this subsection."

(3) By striking out the period at the end of paragraph numbered (5), and adding a comma and the following: "or not to exceed 4 percent per annum in the case of a mortgage insured under paragraph (2) (D) of this subsection."

(k) (1) Section 203 (c) is amended (1) by striking out in the last sentence the words "section or section 210" and inserting in lieu

thereof the word "title"; and (2) by striking out in said sentence the words "under this section."

(2) Sections 203 (c) and 603 (c) of such act are amended by striking out in the last sentence and in the next to the last sentence, respectively, the following: "and a mortgage on the same property is accepted for insurance at the time of such payment,".

(l) Section 204 (a) is amended—

(1) By striking out, in the last sentence, the following: "prior to July 1, 1944,";

(2) By inserting between the first and second provisos in the last sentence the following: *"And provided further,* That with respect to mortgages which are accepted for insurance under section 203 (b) (2) (D) or under the second proviso of section 207 (c) (2) of this act, there may be included in the debentures issued by the Administrator on account of the cost of foreclosure (or of acquiring the property by other means) actually paid by the mortgagee and approved by the Administrator an amount, not in excess of two-thirds of such cost or $75 whichever is the greater:".

(m) Section 207 (b) is amended by amending paragraph numbered (1) to read as follows:

"(1) Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or limited dividend or redevelopment or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation; or."

(n) Section 207 (c) is amended—

(1) By amending the first sentence to read as follows:

"(c) To be eligible for insurance under this section a mortgage on any property or project shall involve a principal obligation in an amount—

"(1) not to exceed $5,000,000, or, if executed by a mortgagor coming within the provisions of paragraph No. (b) (1) of this section, not to exceed $50,000,000;

"(2) not to exceed 80 percent of the amount which the Administrator estimates will be the value of the property or project when the proposed improvements are completed, including the land; the proposed physical improvements; utilities within the boundaries of the property or project; architects' fees; taxes and interest accruing during construction; and other miscellaneous charges incident to construction and approved by the Administrator: *Provided,* That, except with respect to a mortgage executed by a mortgagor coming within the provisions of paragraph No. (b) (1) of this section, such mortgage shall not exceed the amount which the Administrator estimates will be the cost of the completed physical improvements on the property or project, exclusive of public utilities and streets and organization and legal expenses: *And provided further,* That, notwithstanding any of the provisions of this paragraph No. (2), a mortgage with respect to a project to be constructed in a locality or metropolitan area where, as determined by the Administrator, there is a need for new dwellings for families of lower income at rentals comparable to the rentals proposed to be charged for the dwellings in such project (or, in the case of a mortgage with respect to a project of a nonprofit cooperative ownership housing corporation the permanent occupancy of the dwellings of which is restricted to members of such corporation, or a project constructed by a nonprofit corporation organized for the purpose of construction of homes for members of the corporation, at prices, costs, or charges comparable to the prices, costs, or charges proposed to be charged such members) may involve a principal obligation in an amount not exceeding 90 percent of the amount which the Administrator estimates will be the value of the project when the proposed improvements are completed, except that in the case of a mortgage with respect to a project of a nonprofit cooperative ownership housing corporation whose membership consists primarily of veterans of World War II, the principal obligation may be in an amount not exceeding 95 percent of the amount which the Administrator estimates will be the value of the project when the proposed improvements are completed; and

"(3) not to exceed $8,100 per family unit for such part of such property or project as may be attributable to dwelling use, except that in the case of projects of the character described in the second proviso of section 207 (c) (2), if the Administrator finds that the needs of the members of any such corporation could more adequately be met by per room cost limitations, the mortgage may involve a principal obligation in an amount not to exceed $1,800 per room for such part of such project as may be attributable to dwelling use."

(2) By striking out the period at the end of the second sentence, inserting in lieu thereof a comma, and adding the following: "except that with respect to mortgages insured under the provisions of the second proviso of paragraph No. (2) of this subsection, which mortgages are hereby authorized to have a maturity of not exceeding 40 years from the date of the insurance of the mortgage, such interest rate shall not exceed 4 percent per annum."

(3) By adding the following additional sentence at the end thereof: "Such property or project may include such commercial and community facilities as the Administrator deems adequate to serve the occupants."

(o) Section 207 (g) of the National Housing Act, as amended, is hereby amended by striking out the number "2" appearing in clause (ii) and inserting in lieu thereof "1."

(p) Section 207 (h) is amended by striking out, in paragraph No. (1), the words "paid to the mortgagor of such property", and inserting in lieu thereof the following: "retained by the Administrator and credited to the Housing Insurance Fund."

(q) Section 204 (f) is amended by inserting in clause No. (1), immediately preceding the semicolon, the following: "if the mortgage was insured under section 203 and shall be retained by the Administrator and credited to the Housing Insurance Fund if the mortgage was insured under section 207."

(r) Section 207 of the National Housing Act, as amended, is hereby amended by adding the following new paragraph at the end thereof:

"(q) In order to assure an adequate market for mortgages on cooperative-ownership projects and rental-housing projects for families of lower income and veterans of the character described in the second proviso of paragraph No. (2) of subsection (c) of this section, the powers of the Federal National Mortgage Association and of any other Federal corporation or other Federal agency hereafter established, to make real-estate loans, or to purchase, service, or sell any mortgages, or partial interests therein, may be utilized in connection with projects of the character described in said proviso."

TITLE I AMENDMENTS

(s) Section 2 is amended:

(1) By striking out "$165,000,000" in subsection (a) and inserting in lieu thereof "$200,000,000";

(2) By striking out "$3,000"' in subsection (b) and inserting in lieu thereof "$4,500";

(3) By striking out the first proviso in the first sentence of subsection (b) and inserting in lieu thereof the following: *"Provided,* That insurance may be granted to any such financial institution with respect to any obligation not in excess of $10,000 and having a maturity not in excess of 7 years and 32 days representing any such loan, advance of credit, or purchase made by it if such loan, advance of credit, or purchase is made for the purpose of financing the alteration, repair, improvement, or conversion of an existing structure used or to be used as an apartment house or a dwelling for two or more families;";

(4) By striknig out the last sentence of subsection (b).

SEC. 102. In order to aid housing production, the Reconstruction Finance Corporation is authorized to make loans to and purchase the obligations of any business enterprise for the purpose of providing financial assistance for the production of prefabricated houses or prefabricated housing components, or for large-scale modernized site construction. Such loans or purchases shall be made under such terms and conditions and with such maturities as the Corporation may determine: *Provided,* That to the extent that the proceeds of such loans or purchases are used for the purchase of equipment, plant, or machinery the principal obligation shall not exceed 75 percent of the purchase price of such equipment, plant, or machinery: *And provided further,* That the total amount of commitments for loans made and obligations purchased under this section shall not exceed $50,000,000 outstanding at any one time, and no financial assistance shall be extended under this section unless it is not otherwise available on reasonable terms.

SEC. 103. The Servicemen's Readjustment Act of 1944, as amended, is hereby amended by striking out the period at the end of section 500 (b) and inserting in lieu thereof the following: *"And provided further,* That the Administrator, with the approval of the Secretary of the Treasury, may prescribe by regulation a higher maximum rate of interest than otherwise prescribed in this section for loans guaranteed under this title, but not exceeding 4½ percent per annum, if he finds that the loan market demands it."

TITLE II—SECONDARY MARKET FOR GI HOME LOANS AND FEDERAL HOUSING ADMINISTRATION INSURED MORTGAGES

SEC. 201. Section 301 (a) (1) of the National Housing Act, as amended, is amended by striking out the words "which are insured after April 30, 1948, under section 203 or section 603 of this act, or guaranteed under section 501, 502, or 505 (a) of the Servicemen's Readjustment Act of 1944, as amended" and inserting in lieu thereof the words "which are insured after April 30, 1948, under title II, or title VI of this act, or guaranteed after April 30, 1948, under section 501, or section 502, or section 505 (a) of the Servicemen's Readjustment Act of 1944, as amended."

SEC. 202. Paragraph (E) of the proviso of section 301 (a) (1) of the National Housing Act, as amended, is amended by striking out in clause No. (2) the figure "25" and inserting in lieu thereof the figure "50."

TITLE III—STANDARDIZED BUILDING CODES AND MATERIALS

SEC. 301. The Housing and Home Finance Administrator shall undertake and conduct technical research and studies to develop and promote the acceptance and application of improved and standardized building codes and regulations and methods for the more uniform administration thereof, and standardized dimensions and methods for the assembly of home-building materials and equipment.

SEC. 302. In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator shall utilize, to the fullest extent feasible, the available facilities of other departments, independent establishments, and agencies of the Federal Government, and, notwithstanding any other law, shall appoint a Director to administer under his general supervision the provisions of this title.

SEC. 303. There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this title.

TITLE IV—EQUITY INVESTMENT AIDS

SEC. 401. The National Housing Act, as amended, is hereby amended by adding the following new title:

"TITLE VII—INSURANCE FOR INVESTMENTS IN RENTAL HOUSING FOR FAMILIES OF MODERATE INCOME

"AUTHORITY TO INSURE

"SEC. 701. The purpose of this title is to supplement the existing systems of mortgage insurance for rental housing under this act by a special system of insurance designed to encourage equity investment in rental housing at rents within the capacity of families of moderate income. To effectuate this purpose, the Administrator is authorized, upon application by the investor, to insure as hereinafter provided, and, prior to the execution of insurance contracts and upon such terms as the Administrator shall prescribe, to make commitments to insure, the minimum annual amortization charge and an annual return on the outstanding investment of such investor in any project which is eligible for insurance as hereinafter provided in an amount (herein called the 'insured annual return') equal to such rate of return, not exceeding 2¾ percent per annum, on such outstanding investments as shall, after consultation with the Secretary of the Treasury, be fixed in the insurance contract or in the commitment to insure: *Provided*, That any insurance contract made pursuant to this title shall expire as of the first day of the operating year for which the outstanding investment amounts to not more than 10 percent of the established investment: *And provided further*, That the aggregate amount of contingent liabilities outstanding at any one time under insurance contracts and commitments to insure made pursuant to this title shall not exceed $1,000,000,000.

"ELIGIBILITY

"SEC. 702. (a) To be eligible for insurance under this title, a project shall meet the following conditions:

"(1) The Administrator shall be satisfied that there is, in the locality or metropolitan area of such project, a need for new rental dwellings at rents comparable to the rents proposed to be charged for the dwellings in such project.

"(2) Such project shall be economically sound, and the dwellings in such project shall be acceptable to the Administrator as to quality, design, size, and type.

"(b) Any insurance contract executed by the Administrator under this title shall be conclusive evidence of the eligibility of the project and the investor for such insurance, and the validity of any insurance contract so executed shall be incontestable in the hands of an investor from the date of the execution of such contract, except for fraud or misrepresentation on the part of such investor.

"PREMIUMS AND FEES

"SEC. 703. (a) For insurance granted pursuant to this title the Administrator shall fix and collect a premium charge in an amount not exceeding one-half of 1 percent of the outstanding investment for the operating year for which such premium charge is payable without taking into account the excess earnings, if any, applied, in addition to the minimum annual amortization charge, to amortization of the outstanding investment. Such premium charge shall be payable annually in advance by the investor, either in cash or in debentures issued by the Administrator under this title at par plus accrued insert: *Provided*, That, if in any operating year the gross income shall be less than the operating expenses, the premium charge payable during such operating year shall be waived, but only to the extent of the amount of the difference between such expenses and such income and subject to subsequent payment out of any excess earnings as hereinafter provided.

"(b) With respect to any project offered for insurance under this title, the Administrator is authorized to charge and collect reasonable fees for examination, and for inspection during the construction of the project: *Provided*, That such fees shall not aggregate more than one-half of 1 percent of the estimated investment.

"RENTS

"SEC. 704. The Administrator shall require that the rents for the dwellings in any project insured under this title shall be established in accordance with a rent schedule approved by the Administrator, and that the investor shall not charge or collect rents for any dwellings in the project in excess of the appropriate rents therefor as shown in the latest rent schedule approved pursuant to this section. Prior to approving the initial or any subsequent rent schedule pursuant to this section, the Administrator shall find that such schedule affords reasonable assurance that the rents to be established thereunder are (1) not lower than necessary, together with all other income to be derived from or in connection with the project, to produce reasonably stable revenues sufficient to provide for the payment of the operating expenses, the minimum annual amortization charge, and the minimum annual return; and (2) not higher than necessary to meet the need for dwellings for families of moderate income.

"EXCESS EARNINGS

"SEC. 705. For all of the purposes of any insurance contract made pursuant to this title, 50 percent of the excess earnings, if any, for any operating year may be applied, in addition to the minimum annual return, to return on the outstanding investment but only to the extent that such application thereof does not result in an annual return of more than 5 percent of the outstanding investment for such operating year, and the balance of any such excess earnings shall be applied, in addition to the minimum annual amortization charge, to amortization of the outstanding investment: *Provided*, That if in any preceding operating years the gross income shall have been less than the operating expenses, such excess earnings shall be applied to the extent necessary in whole or in part, first, to the reimbursement of the amount of the difference between such expenses (exclusive of any premium charges previously waived hereunder) and such income, and, second, to the payment of any premium charges previously waived hereunder.

"FINANCIAL STATEMENTS

"SEC. 706. With respect to each project insured under this title, the Administrator shall provide that, after the close of each operating year, the investor shall submit to him for approval a financial and operating statement covering such operating year. If any such financial and operating statement shall not have been submitted or, for proper cause, shall not have been approved by the Administrator, payment of any claim submitted by the investor may, at the option of the Administrator, be withheld, in whole or in part, until such statement shall have been submitted and approved.

"PAYMENT OF CLAIMS

"SEC. 707. If in any operating year the net income of a project insured under this title is less than the aggregate of the minimum annual amortization charge and the insured annual return, the Administrator, upon submission by the investor of a claim for the payment of the amount of the difference between such net income and the aggregate of the minimum annual amortization charge and the insured annual return and after proof of the validity of such claim, shall pay to the investor, in cash from the Housing Investment Insurance Fund, the amount of such difference, as determined by the Administrator, but not exceeding, in any event, an amount equal to the aggregate of the minimum annual amortization charge and the insured annual return.

"DEBENTURES

"SEC. 708. (a) If the aggregate of the amounts paid to the investor pursuant to section 707 hereof with respect to a project insured under this title shall at any time equal or exceed 15 percent of the established investment, the Administrator thereafter shall have the right, after written notice to the investor of his intentions so to do, to acquire, as of the first day of any operating year, such project in consideration of the issuance and delivery to the investor of debentures having a total face value equal to 90 percent of the outstanding investment for such operating year. In any such case the investor shall be obligated to convey to said Administrator title to the project which meets the requirements of the rules and regulations of the Administrator in force at the time the insurance contract was executed and which is evidenced in the manner prescribed by such rules and regulations, and, in the event that the investor fails so to do, said Administrator may, at his option, terminate the insurance contract.

"(b) If in any operating year the aggregate of the differences between the operating expenses (exclusive of any premium charges previously waived hereunder) and the gross income for the preceding operating years, less the aggregate of any deficits in such operating expenses reimbursed from excess earnings as hereinbefore provided, shall at any time equal or exceed 5 percent of the established investment, the investor shall thereafter have the right, after written notice to the Administrator of his intention so to do, to convey to the Administrator, as of the first day of any operating year, title to the project which meets the requirements of the rules and regulations of the Administrator in force at the time the insurance contract was executed and which is evidenced in the manner prescribed by such rules and regulations, and to receive from the Administrator debentures having a total face value equal to 90 percent of the outstanding investment for such operating year.

"(c) Any difference, not exceeding $50, between 90 percent of the outstanding investment for the operating year in which a project is acquired by the Administrator pursuant to this section and the total face value of the debentures to be issued and delivered to the investor pursuant to this section shall be adjusted by the payment of cash by the Administrator to the investor from the Housing Investment Insurance Fund.

"(d) Upon the acquisition of a project by the Administrator pursuant to this section, the insurance contract shall terminate.

"(e) Debentures issued under this title to any investor shall be executed in the name of the Housing Investment Insurance Fund as obligor, shall be signed by the Administrator, by either his written or engraved signature, and shall be negotiable. Such debentures shall be dated as of the first day of the operating year in which the project for which such debentures were issued was acquired by the Administrator, shall bear interest at a rate to be determined by the Administrator, with the approval of the Secretary of the Treasury, at the time the insurance contract was executed, but not to exceed 2¾ percent per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature on the 1st day of July in such calendar year or years, not later than the fortieth following the date of the issuance thereof, as shall be determined by the Administrator and stated on the face of such debentures.

"(f) Such debentures shall be in such form and in such denominations in multiples of $50, shall be subject to such terms and conditions, and may include such provisions

for redemption as shall be prescribed by the Administrator, with the approval of the Secretary of the Treasury, and may be issued in either coupon or registered form.

"(g) Such debentures shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United States, or by the District of Columbia, or by any State, county, municipality, or local taxing authority, shall be payable out of the Housing Investment Insurance Fund, which shall be primarily liable therefor, and shall be fully and unconditionally guaranteed, as to both the principal thereof and the interest thereon, by the United States, and such guaranty shall be expressed on the face thereof. In the event that the Housing Investment Insurance Fund fails to pay upon demand, when due, the principal of or the interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof, which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

"(h) Notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real and other property by the United States, the Administrator shall have power, for the protection of the Housing Investment Insurance Fund, to pay out of said fund all expenses or charges in connection with, and to deal with, complete, reconstruct, rent, renovate, modernize, insure, make contracts for the management of, or establish suitable agencies for the management of, or sell for cash or credit or lease in his discretion, in whole or in part, any project acquired pursuant to this title; and, notwithstanding any other provisions of law, the Administrator shall also have power to pursue to final collection by way of compromise or otherwise all claims acquired by, or assigned or transferred to, him in connection with the acquisition or disposal of any project pursuant to this title: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of any project acquired pursuant to this title if the amount of such purchase or contract does not exceed $1,000.

"TERMINATION

"SEC. 709. The investor, after written notice to the Administrator of his intention so to do, may terminate, as of the close of any operating year, any insurance contract made pursuant to this title. The Administrator shall prescribe the events and conditions under which said Administrator shall have the option to terminate any insurance contract made pursuant to this title, and the events and conditions under which said Administrator may reinstate any insurance contract terminated pursuant to this section or section 708 (a). If any insurance contract is terminated pursuant to this section, the Administrator may require the investor to pay an adjusted premium charge in such amount as the Administrator determines to be equitable, but not in excess of the aggregate amount of the premium charges which such investor otherwise would have been required to pay if such insurance contract had not been so terminated.

"INSURANCE FUND

"SEC. 710. There is hereby created a Housing Investment Insurance Fund which shall be used by the Administrator as a revolving fund for carrying out the provisions of this title and for administrative expenses in connection therewith. For this purpose, the Secretary of the Treasury shall make available to the Administrator such funds as the Administrator shall deem necessary, but not to exceed $10,000,000, which amount is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated. Premium charges, adjusted premium charges, inspection and other fees, service charges, and any other income received by the Administrator under this title, together with all earnings on the assets of such Housing Investment Insurance Fund, shall be credited to said fund. All payments made pursuant to claims of investors with respect to projects insured under this title, cash adjustments, the principal of and interest on debentures issued under this title, expenses incurred in connection with or as a consequence of the acquisition and disposal of projects acquired under this title, and all administrative expenses in connection with this title, shall be paid from said fund. The faith of the United States is solemnly pledged to the payment of all approved claims of investors with respect to projects insured under this title, and, in the event said fund fails to make any such payment when due, the Secretary of the Treasury shall pay to the investor the amount thereof, which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated. Moneys in the Housing Investment Insurance Fund not needed for current operations under this title shall be deposited with the Treasurer of the United States to the credit of said fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by, the United States. The Administrator may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under this title. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

"TAXATION PROVISIONS

"SEC. 711. Nothing in this title shall be construed to exempt any real property acquired and held by the Administrator under this title from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

"RULES AND REGULATIONS

"SEC. 712. The Administrator may make such rules and regulations as may be necessary or desirable to carry out the provisions of this title, including, without limiting the foregoing, rules and regulations relating to the maintenance by the investor of books, records, and accounts with respect to the project and the examination of such books, records, and accounts by representatives of the Administrator; the submission of financial and operating statements and the approval thereof; the submission of claims for payments under insurance contracts, the proof of the validity of such claims, and the payment or disallowance thereof; the increase of the established investment if the investor shall make capital improvements or additions to the project; the decrease of the established investment if the investor shall sell part of the project; and the reduction of the outstanding investment for the appropriate operating year or operating years pending the restoration of dwelling or nondwelling facilities damaged by fire or other casualty. With respect to any investor which is subject to supervision or regulation by a State banking, insurance, or other State department or agency, the Administrator may, in carrying out any of his supervisory and regulatory functions with respect to projects insured under this title, utilize, contract with, and act through, such department or agency and without regard to section 3709 of the Revised Statutes.

"DEFINITIONS

"SEC. 713. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

"(a) 'Investor' shall mean (1) any natural person; (2) any group of not more than 10 natural persons; (3) any corporation, company, association, trust, or other legal entity; or (4) any combination of two or more corporations, companies, associations, trusts, or other legal entities, having all the powers necessary to comply with the requirements of this title, which the Administrator (1) shall find to be qualified by business experience and facilities, to afford assurance of the necessary continuity of long-term investment, and to have available the necessary capital required for long-term investment in the project, and (ii) shall approve as eligible for insurance under this title.

"(b) 'Project' shall mean a project (including all property, real and personal, contracts, rights, and choses in action acquired, owned, or held by the investor in connection therewith) of an investor designed and used primarily for the purpose of providing dwellings the occupancy of which is permitted by the investor in consideration of agreed charges: *Provided*, That nothing in this title shall be construed as prohibiting the inclusion in a project of such stores, offices, or other commercial facilities, recreational or community facilities, or other nondwelling facilities as the Administrator shall determine to be necessary or desirable appurtenances to such project.

"(c) 'Estimated investment' shall mean the estimated cost of the development of the project, as stated in the application submitted to the Administrator for insurance under this title.

"(d) 'Established investment' shall mean the amount of the reasonable costs, as approved by the Administrator, incurred by the investor in, and necessary for, carrying out all works and undertakings for the development of a project and shall include the premium charge for the first operating year and the cost of all necessary surveys, plans and specifications, architectural, engineering, or other special services, land acquisition, site preparation, construction, and equipment; a reasonable return on the funds of the investor paid out in course of the development of the project, up to and including the initial occupancy date; necessary expenses in connection with the initial occupancy of the project; and the cost of such other items as the Administrator shall determine to be necesary for the development of the project, (1) less the amount by which the rents and revenues derived from the project up to and including the initial occupancy date exceeded the reasonable and proper expenses, as approved by the Administrator, incurred by the investor in, and necessary for, operating and maintaining said project up to and including the initial occupancy date, or (2) plus the amount by which such expenses exceeded such rents and revenues, as the case may be.

"(e) 'Physical completion date' shall mean the last day of the calendar month in which the Administrator determines that the construction of the project is substantially completed and substantially all of the dwellings therein are available for occupancy.

"(f) 'Initial occupancy date' shall mean the last day of the calendar month in which 90 percent in number of the dwellings in the project on the physical completion date shall have been occupied, but shall in no event be later than the last day of the sixth calendar month next following the physical completion date.

"(g) 'Operating year' shall mean the period of 12 consecutive calendar months next following the initial occupancy date and each succeeding period of 12 consecutive calendar months, and the period of the first 12 consecutive calendar months next following the initial occupancy date shall be the first operating year.

"(h) 'Gross income' for any operating year shall mean the total rents and revenues and other income derived from, or in connection with, the project during such operating year.

"(i) 'Operating expenses' for any operating year shall mean the amounts, as approved by the Administrator, necessary to meet the reasonable and proper costs of, and to provide for, operating and maintaining the project, and to establish and maintain reasonable and proper reserves for repairs, maintenance, and replacements, and other necessary reserves during such operating year, and shall include necessary expenses for real estate taxes, special assessments, premium charges made pursuant to this title, administrative expenses, the annual rental under any lease pursuant to which the real property comprising the site of the project is held by the investor, and insurance charges, together with such other expenses as the Administrator shall determine to be necessary for the proper operation and maintenance of the project, but shall not include income taxes.

"(j) 'Net income' for any operating year shall mean gross income remaining after the payment of the operating expenses.

"(k) 'Minimum annual amortization charge' shall mean an amount equal to 2 percent of the established investment, except that, in the case of a project where the real property comprising the site thereof is held by the investor under a lease, if (notwithstanding the proviso of section 703 (a) hereof) the gross income for any operating year shall be less than the amount required to pay the operating expenses (including the annual rental under such lease), the minimum annual amortization charge for such operating year shall mean an amount equal to 2 percent of the established investment plus the amount of the annual rental under such lease to the extent that the same is not paid from the gross income.

"(l) 'Annual return' for any operating year shall mean the net income remaining after the payment of the minimum annual amortization charge.

"(m) 'Insured annual return' shall have the meaning ascribed to it in section 701 hereof.

"(n) 'Minimum annual return' for any operating year shall mean an amount equal to 3½ percent of the outstanding investment for such operating year.

"(o) 'Excess earnings' for any operating year shall mean the net income derived from a project in excess of the minimum annual amortization charge and the minimum annual return.

"(p) 'Outstanding investment' for any operating year shall mean the established investment, less an amount equal to (1) the aggregate of the minimum annual amortization charge for each preceding operating year, plus (2) the aggregate of the excess earnings, if any, during each preceding operating year applied, in addition to the minimum annual amortization charge, to amortization in accordance with the provisions of section 705 hereof."

SEC. 402. Sections 1 and 5 of the National Housing Act, as amended, are hereby amended by striking out "titles II, III, and VI" wherever they appear in said sections and inserting in lieu thereof "titles II, III, VI, and VII."

TITLE V—ADMINISTRATIVE AND MISCELLANEOUS PROVISIONS

ADMINISTRATIVE PROVISIONS

SEC. 501. (a) Effective upon the date of enactment of this act, the Housing and Home Finance Administrator shall receive compensation at the rate of $16,500 per annum, and the members of the Home Loan Bank Board, the Federal Housing Commissioner, and the Public Housing Commissioner shall each receive compensation at the rate of $15,000 per annum.

(b) Section 101 of the Government Corporation Control Act, as amended, is amended by inserting "Federal Housing Administration;" immediately after the semicolon which follows "United States Housing Corporation": *Provided*, That, as to the Federal Housing Administration, the audit required by section 105 of said act shall begin with the fiscal year commencing July 1, 1948, and the exception contained in section 301 (d) of said act shall be construed to refer to the cost of audits contracted for prior to July 1, 1948.

SEC. 502. In carrying out their respective functions, powers, and duties—

(a) The Housing and Home Finance Administrator may appoint such officers and employees as he may find necessary, which appointments shall be subject to the civil-service laws and the Classification Act of 1923, as amended. The Administrator may make such expenditures as may be necessary to carry out his functions, powers, and duties, and there are hereby authorized to be appropriated to the Administrator, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary to carry out such functions, powers, and duties and for administrative expenses in connection therewith. The Administrator may delegate any of his functions and powers to such officers, agents, or employees as he may designate, and may make such rules and regulations as may be necessary to carry out his functions, powers, and duties. The Administrator shall cause to be prepared for the Housing and Home Finance Agency an official seal of such device as he shall approve, and judicial notice shall be taken of said seal. The Secretary of Commerce or his designee shall hereafter be included in the membership of the National Housing Council.

(b) The Public Housing Administration shall sue and be sued only with respect to its functions under the United States Housing Act of 1937, as amended, and title II of Public Law 671, Seventy-sixth Congress, approved June 28, 1940, as amended. The Public Housing Commissioner may appoint such officers and employees as he may find necessary, which appointments, notwithstanding the provisions of any other law, shall hereafter be made hereunder, and shall be subject to the civil-service laws and the Classification Act of 1923, as amended; delegate any of his functions and powers to such officers, agents, or employees of the Public Housing Administration as he may designate; and make such rules and regulations as he may find necessary to carry out his functions, powers, and duties. Funds made available for carrying out the functions, powers, and duties of the Administration (including appropriations therefor, which are hereby authorized) shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Administration. Notwithstanding any other provisions of law except provisions of law hereafter enacted expressly in limitation hereof, the Public Housing Administration, or any State or local public agency administering a low-rent housing project assisted pursuant to the United States Housing Act of 1937 or title II of Public Law 671, Seventy-sixth Congress, approved June 28, 1940, shall continue to have the right to maintain an action or proceeding to recover possession of any housing accommodations operated by it where such action is authorized by the statute or regulations under which such housing accommodations are administered, and, in determining net income for the purposes of tenant eligibility with respect to low-rent housing projects assisted pursuant to said acts, the Public Housing Administration is authorized, where it finds such action equitable and in the public interest, to exclude amounts or portions thereof paid by the United States Government for disability or death occurring in connection with military service.

(c) The Housing and Home Finance Administrator, the Home Loan Bank Board (which term as used in this section shall also include and refer to the Federal Savings and Loan Insurance Corporation, the Home Owners' Loan Corporation, and the Chairman of the Home Loan Bank Board), the Federal Housing Commissioner, and the Public Housing Commissioner, respectively, may, in addition to and not in derogation of any powers and authorities conferred elsewhere in this act—

(1) with the consent of the agency or organization concerned, accept and utilize equipment, facilities, or the services of employees of any State or local public agency or instrumentality, educational institution, or nonprofit agency or organization and, in connection with the utilization of such services, may make payments for transportation while away from their homes or regular places of business and per diem in lieu of subsistence en route and at place of such service, in accordance with the provisions of 5 U. S. C. 73b–2;

(2) utilize, contract with, and act through, without regard to section 3709 of the Revised Statutes, any Federal, State, or local public agency or instrumentality, educational institution, or nonprofit agency or organization with the consent of the agency or organization concerned, and any funds available to said officers for carrying out their respective functions, powers, and duties shall be available to reimburse any such agency or organization; and, whenever in the judgment of any such officer necessary, he may make advance, progress, or other payments with respect to such contracts without regard to the provisions of section 3648 of the Revised Statutes;

(3) make expenditures for all necessary expenses, including preparation, mounting, shipping, and installation of exhibits; purchase and exchange of technical apparatus; and such other expenses as may, from time to time, be found necessary in carrying out their respective functions, powers, and duties: *Provided*, That the provisions of section 3709 of the Revised Statutes shall not apply to any purchase or contract by said officers (or their agencies), respectively, for services or supplies if the amount thereof does not exceed $300: *And provided further*, That funds made available for administrative expenses in carrying out the functions, powers, and duties imposed upon the Housing and Home Finance Administrator, the Home Loan Bank Board, the Federal Housing Commissioner, and the Public Housing Commissioner, respectively, by or pursuant to law may at their option be consolidated into single administrative expense fund accounts of said officers or agencies for expenditure by them, respectively, in accordance with the provisions hereof.

ACT CONTROLLING

SEC. 503. Insofar as the provisions of any other law are inconsistent with the provisions of this act, the provisions of this act shall be controlling.

SEPARABILITY

SEC. 504. Except as may be otherwise expressly provided in this act, all powers and authorities conferred by this act shall be cumulative and additional to and not in derogation of any powers and authorities otherwise existing. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provisions of this act, or the application thereof to any persons or circumstances, shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act

or its applications to other persons and circumstances, but shall be confined in its operation to the provisions of this act, or the application thereof to the persons and circumstances, directly involved in the controversy in which such judgment shall have been rendered.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. MAGNUSON. I should like to make an inquiry which perhaps I should address to the Chair. Several Senators who have an amendment to offer to the bill are interested in this point. Would the suggestion made by the Senator from Wisconsin preclude us from offering a separate amendment to the bill?

Mr. McCARTHY. I do not know the parliamentary rules too well, so I would ask the opinion of the Chair.

Mr. MAGNUSON. Very well; I address my inquiry to the Chair.

The PRESIDENT pro tempore. The Senator is entitled to offer amendments to the committee substitute.

Mr. MAGNUSON. I thank the Chair.

Mr. TAFT. Mr. President, let me suggest that if the Senator does what he now proposes to do, if he offers a complete substitute for the committee substitute, both substitutes will be open to amendment before the final vote, of course.

The PRESIDENT pro tempore. That is correct.

Mr. TAFT. And a Senator may offer an amendment to either the committee substitute or to the McCarthy substitute.

The PRESIDENT pro tempore. The Senator is correct.

Mr. McCARTHY. Mr. President, some days ago, at the request of the Senate leadership, the Senator from New Hampshire [Mr. TOBEY] appointed a three-man subcommittee to discuss the question of housing with the House Banking and Currency Committee. In accordance with that suggestion, the Senator from New Hampshire appointed the junior Senator from Wisconsin [Mr. McCARTHY], the junior Senator from Ohio [Mr. BRICKER], and the Senator from Delaware [Mr. BUCK] to meet with the House Banking and Currency Committee. We met with them. Several of the other members of the Senate Banking and Currency Committee were present. We thought we had a rather fruitful discussion.

The House Banking and Currency Committee leadership took the position at that time that a special session is not the time at which to pass slum-clearance legislation or long-range public housing legislation. Regardless of whether we agree or disagree with that position, that was their position. They are very firm in that position.

Mr. TOBEY. Mr. President, will the Senator yield for a question?

Mr. McCARTHY. I yield.

Mr. TOBEY. Do I correctly understand the Senator to say that the House leadership advised him that they did not feel that this special session was the time at which to pass legislation providing for slum clearance and public housing?

Mr. McCARTHY. That is correct.

Mr. TOBEY. Is that what the Senator said?

Mr. McCARTHY. Yes.

Mr. TOBEY. Let me refresh the Senator's memory for a moment, if he will permit, and let me ask him if this is true: Does the Senator ever remember any time since he has been a Member of the Senate when the House leadership even condescended to smile on legislation on that subject? As a matter of fact, they have had a rod in pickle as to those matters, to be used against them whenever they showed their heads. They have doomed them to extinction, so far as they are concerned, always.

Mr. McCARTHY. As the Senator recalls, I submitted proposed legislation on slum clearance last year; and the Senator from New Hampshire and the Senator from Vermont [Mr. FLANDERS] submitted proposed legislation very similar to it. At the time when we considered the Taft-Ellender-Wagner bill, as the Senator knows, I submitted various amendments to the public housing features of that bill.

Finally we compromised. As the Senator knows, I supported the slum-clearance and public-housing provisions of the Taft-Ellender-Wagner bill. So I wish that understood.

Mr. TOBEY. Of course, but the point is that in the past the House leadership has never favored that. It has not changed a bit. I wish the Members of the Senate to have that point clearly in mind.

Let me say, if the Senator will permit a question for 30 seconds, that if Senators wish to handle this matter properly, they should vote down every single amendment, in order to keep public-housing and slum-clearance provisions in the bill. Senators must not be deceived by words and verbiage that would result in removing those features from the bill. We should provide for public housing and for slum clearance; and in order to do that, we should vote down every amendment which would remove those provisions from the bill.

I thank the Senator for yielding to me.

Mr. McCARTHY. Certainly.

Mr. President, as I have stated, the House leadership took the position that they would not accept public-housing legislation at this time or slum-clearance legislation. One of the members of the House of Representatives Banking and Currency Committee telephoned to me within the last 10 minutes and called to my attention one of the reasons why they take that position. He called my attention to part of the Republican Party platform dealing with housing, namely:

We recommend Federal aid to the States for local slum-clearance and low-rental housing programs only where there is a need that cannot be met either by private enterprise or by the States and localities.

That is a different approach from the one you have been fighting for. Whether that approach would meet with the approval of the Senator from New Hampshire, I do not know; but again I point out that the House states bluntly that it will not accept slum-clearance legislation or public-housing legislation at this time. I hope the Senator from New Hampshire understands my point.

Mr. TOBEY. Yes; I understand.

Mr. McCARTHY. So the point is that if we are to have any housing legislation at this session, at least the House will not agree to have slum-clearance and public-housing provisions included in it.

We now have before us what the subcommittee of the Senate Banking and Currency Committee has agreed upon. We feel that the thing this bill will accomplish, above all else, will be the stimulation of the production of low-cost housing. By this bill we shall make the loans for lower-cost housing much more liberal than they previously have been made. We attempt to tighten up credit on the more expensive homes.

Let me review the bill briefly. First of all as to title VI—the much-disputed title—we have dropped from that title the section dealing with "for sale" housing. We felt that was too inflationary and that it stimulated the production of the more expensive types of homes.

However, we have retained section 608, the one dealing with rental housing. We provide for an additional $800,000,000 authorization.

I may say that we have talked to any number of men in the Housing Administration; and although their position is that they favor, as does the Senator from New Hampshire [Mr. TOBEY], slum clearance and public housing, nevertheless they tell us that unless section 608 is reactivated there will be a great slump in home building during the present year. I think there is no doubt about that.

We have retained section 609. That is the section dealing with loans to prefabricated housing manufacturers. Substantially the only change which has been made, as compared with the law now in existence, is one to make it possible for the prefabricated housing manufacturers to get the loans which Congress intended them to get.

I may say that everything we have in this bill, everything that it contains, I believe, is endorsed 100 percent by the Senator from New Hampshire [Mr. TOBEY], the Senator from Vermont [Mr. FLANDERS], and, I believe, by everyone else interested in housing. If I misstate the Senator's position, I hope he will tell me so. I think the position the Senator from New Hampshire takes is that although everything we provide for in this bill is good and although it is an improvement over those sections of the Taft-Ellender-Wagner bill previously referred to, nevertheless the bill is incomplete unless public housing and slum clearance are provided for.

One of the new provisions we have made in this bill is for a 95-percent guaranty of loans on homes which cost $6,300 or less. Of course, the purpose is obvious. It is, in effect, to force contractors to concentrate on the lower-cost homes, because unless we make loans easier to

obtain on such homes, many persons will not be able to buy them, and there would be no use in building less expensive homes.

We have retained section 610, which merely has to do with the insurance of loans on war housing and loans on Greenbelt housing and loans for the purchase of the TVA village properties. I understand the Appropriations Committee has taken action indicating congressional desire that there be a disposal of those TVA villages.

We have retained section 611 of the T-E-W bill, but have made one major change, feeling that 611 as presently contained in the T-E-W bill is too inflationary. The maximum cost of a home under 611 of the present bill I believe is $9,000 or thereabouts. We have reduced that to $7,500. We have reduced the construction guaranty from 90 percent to 80 percent in an attempt to make that particular section of the bill less inflationary. I undertsand there is still some difference of opinion as to whether we should enact this section even in its present form, but our subcommittee unanimously agreed we should, in view of the fact that it concentrates solely on cheaper housing.

I might say I invite Senators to interrupt me at any time as I run through the measure, if they feel I am not making the provisions clear.

The title II provisions are substantially the same as title——

Mr. SMITH. Mr. President, will the Senator yield merely for a question?

Mr. McCARTHY. I yield.

Mr. SMITH. I am not quite clear as to which draft the Senator is reading from in giving the numbers. I do not find those numbers in either of the drafts before me on the desk.

Mr. McCARTHY. I am referring to House bill 6959.

Mr. FLANDERS. The committee print, if the Senator will excuse me.

Mr. McCARTHY. Yes; it is the committee print.

Turning to page 55, under title I we deal with title VI of the National Housing Act. I know it is confusing. I am referring to what is in title I of the committee print, which deals with title VI of the National Housing Act. That is the emergency section which was passed during the late days of the war.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. REVERCOMB. Before leaving this particular title, will the Senator point out the difference between the substitute he is offering and the committee substitute? Wherein is there a distinct difference?

Mr. McCARTHY. The Senator knows that we have three bills before us.

Mr. REVERCOMB. That is correct.

Mr. McCARTHY. We have the House bill, the Taft-Ellender-Wagner bill, and our subcommittee bill.

Mr. REVERCOMB. Yes.

Mr. McCARTHY. Is the Senator asking for a statement of the difference between this and the House bill, or between our bill and the T-E-W bill?

Mr. REVERCOMB. I am asking for the difference between this and the House bill.

Mr. McCARTHY. The House bill has nothing in it whatever in regard to title VI, the reason for that being that the House sent over a separate bill extending title VI. Their bill extending title VI also included the so-called for-sale housing. We have eliminated that, so that practically the only difference is that we have eliminated the liberal loans on the for-sale housing. We have cut the authorization also from $1,600,000,000 to $800,000,000. The Housing and Home Finance Agency tell us that with the elimination of the for-sale housing, the authorization of $800,000,000 instead of $1,600,000,000 is sufficient.

Again the purpose is to keep the contractors from concentrating on the more expensive houses, and to try to make the bill less inflationary.

Passing to title II, one very important change is there made. It will be recalled that in the closing days, the Senate passed what I believe is known as the Jenner bill, a bill providing for a secondary market and also setting up a veterans' cooperative.

Mr. FLANDERS. Mr. President, will the Senator yield for a moment?

Mr. McCARTHY. Certainly.

Mr. FLANDERS. I should like to suggest that wherever the Senator refers to any part of the bill, he give the page number. There is a good deal of confusion in the minds of those not familiar with this draft, as to the bill titles and the titles of the original housing act.

Mr. McCARTHY. I thank the Senator from Vermont. I am referring now to page 64, title II amendments, which also refers to title II of the National Housing Act. I may say in passing in connection with this, the Senator from Indiana [Mr. JENNER] contacted the committee during the construction of the bill and urged additional aid for veterans in the veterans' cooperative, and additional aid by way of a secondary market. His intelligent help in that regard was very much appreciated by myself and by the other members of our subcommittee.

Mr. WHERRY. Mr. President, will the Senator yield for a moment?

Mr. McCARTHY. Certainly.

Mr. WHERRY. There is considerable difficulty and I think some confusion as to how long the Senate will continue in session and as to whether or not there will be a vote on any of the pending measures. I am not sure from what certain Senators have said whether we will be able to adjourn at a certain hour, and whether any votes will be taken. In order to clarify the matter, if the Senator will permit, I suggest that the Senate continue in session as long as it would like to do so, but not vote on any of the amendments until tomorrow at 1 o'clock.

Mr. McCARTHY. Is the acting majority leader trying to get rid of my audience?

Mr. WHERRY. No; I want the audience to remain. However, I feel that in order to expedite matters, with other legislation coming before us, that if we could remain in session as long as we care to debate the issue tonight, I would then make the suggestion that the Senate convene tomorrow at 11 o'clock a. m., the debate to continue from that hour until 1 o'clock, the time to be divided equally between the proponents and opponents, to be controlled for the proponents by the Senator from New Hampshire [Mr. TOBEY], and for opponents being in charge of the Senator from Wisconsin [Mr. McCARTHY]. By so doing, even though the debate were exhausted, as we hope it may be, by the time the session ends tonight, the amendments would then be printed and would be on the desks, and Senators would know exactly what they were voting on tomorrow, without any difficulty.

If the Senator from Wisconsin will yield further, I may say that I took this suggestion up with the acting minority leader, the distinguished Senator from Illinois [Mr. LUCAS] with the idea of ascertaining whether he thought such a request would meet with favor. I should like to ask him whether he feels that such a unanimous-consent request should be made, and whether, if made, he believes unanimous consent would be given?

Mr. LUCAS. I may say to the acting majority leader that I have canvassed the situation pretty well on this side of the aisle. Senators on the floor have no serious objection to such a unanimous-consent request.

Mr. WHERRY. In order to make it binding, it would be necessary to waive a quorum call. I should like to ask the distinguished acting minority leader whether he would feel that Senators on his side of the aisle would be willing to do that, in order to get the request before the Senate immediately.

Mr. LUCAS. I should, of course, very much dislike to do that. Under the circumstances, however, if the Senator from Nebraska wants to take the chance, the Senator from Illinois will also take a chance.

Mr. WHERRY. Then, Mr. President, if the Senator from Wisconsin will permit me, I ask unanimous consent that a quorum call be waived.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

Mr. WHERRY. Secondly, I ask unanimous consent that at the hour of 1 o'clock tomorrow the Senate vote upon the pending measure, together with any amendments thereto, that amendments offered shall be germane to the subject matter, and that when the Senate recesses at the conclusion of this afternoon's session, it reconvene at 11 o'clock a. m. tomorrow. Further, I would include the provision that the time between the hours of 11 a. m. and 1 p. m., shall be equally divided between proponents and opponents of the measure, to be controlled for proponents by the Senator from New Hampshire [Mr. TOBEY], and for opponents by the Senator from Wisconsin [Mr. McCARTHY].

Mr. LUCAS. Mr. President, will the Senator yield for a question?

Mr. WHERRY. I yield.

Mr. LUCAS. I know what the Senator intends, but I doubt if he included both the bill as reported from the Committee on Banking and Currency and the amendments now being submitted by the Senator from Wisconsin.

Mr. WHERRY. Oh, yes; I include the bill reported, the substitute committee bill, and all amendments thereto, to be voted on at 1 o'clock.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the order is made.

Mr. WHERRY. Mr. President, it is our intention also to remain in session at least until 7 o'clock tonight, if it takes that long, to debate the amendments now before the Senate. At that hour I should like very much if possible to recess, if we reach that hour, in view of the fact that we are to reconvene at 11 o'clock tomorrow.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. CORDON. Mr. President, the two Senators from Oregon [Mr. CORDON and Mr. MORSE] and the two Senators from Washington [Mr. MAGNUSON and Mr. CAIN] intend to propose an amendment to the substitute bill offered to the pending bill by the Senator from Wisconsin, and if that substitute bill does not prevail, then, to the substitute bill reported by the committee. I send to the desk the amendment proposed to be offered, and ask that it be printed and lie on the table.

The PRESIDENT pro tempore. The amendment will be received and printed, and will lie on the table.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield to the Senator from Nevada.

Mr. MALONE. Mr. President, I believe the Senator from Wisconsin has a very good bill which should be acceptable to everyone. It has been ably explained. If the Senator from Wisconsin will accept an amendment I should like to offer at this time, which would do away with the tax on trailers, since 90 percent of them are now used for housing, I shall be glad to offer it.

Mr. McCARTHY. Mr. President, I understand the Senator's amendment provides that the tax imposed by subsection (b) shall not apply in the case of trailer-coaches of the housing type sold prior to July 1, 1950, and after the close of the month in which falls the date of the enactment of this subsection.

May I inquire of the Senator from Nevada as to the amount of the tax which is now imposed on that type trailer?

Mr. MALONE. It is 7 percent, the same as on automobiles. As a matter of fact, the Government itself takes most of the trailers for housing for veterans, because trailers are mobile and can be moved readily from place to place.

Mr. McCARTHY. Mr. President, while I cannot very well speak for the entire subcommittee which is responsible for the drafting of the bill, I personally think there is nothing objectionable in the Senator's amendment, and I should not oppose it personally. I do not know what position the other members of the committee will take.

Mr. MALONE. Mr. President, I now offer my amendment. It can be called up later.

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield for that purpose?

Mr. McCARTHY. I yield for that purpose, Mr. President.

The PRESIDENT pro tempore. The Senator from Nevada offers an amendment to substitute for the committee substitute offered by the Senator from Wisconsin, which the clerk will read.

The LEGISLATIVE CLERK. At the proper place in the bill it is proposed to insert a new section as follows:

SEC. —. Section 3403 of the Internal Revenue Code is amended by adding at the end thereof the following new subsection:

"(f) The tax imposed by subsection (b) shall not apply in the case of trailer coaches of the housing type (including parts or accessories therefor sold on or in connection therewith or with the sale thereof) sold prior to July 1, 1950, and after the close of the month in which falls the date of the enactment of this subsection."

Mr. TAFT. Mr. President, I think that amendment should lie over for consideration tomorrow, and not be voted on at the present time.

The PRESIDENT pro tempore. According to the Chair's understanding of the unanimous-consent agreement, it is implicit that there be no amendment voted on this afternoon. That is the Chair's understanding of the agreement.

Mr. McCARTHY. Mr. President, continuing my remarks, I believe I had previously stated that the title II amendments on page 64 of the committee print are substantially the same as the title II amendments of the Taft-Ellender-Wagner bill, except for the attempt to concentrate on the lower cost homes and to tighten up credit on the more expensive home.

There is one other very important change. The veterans' cooperative measure passed by this body in the closing days of the last session provided guaranteed loans to veterans' cooperatives. Apparently, because of an oversight, there was no change made in the old room limitation. The room limitation was $1,350. Obviously such a limitation cannot be applied at this time. Originally we had increased that to an $8,100 per unit limitation. However, the commissioner of housing of New York, through the office of the Senator from New York [Mr. IVES], and with the Senator, called our attention to a very sizable project which is under construction in New York by the United Veterans' Mutual Housing Co., Inc., known as Bell Park Gardens. If I am incorrect in my statements, I hope the Senator from New York [Mr. IVES] will correct me. I understand that much planning has gone into that particular project. I understand that veterans have paid down some money. I understand there are commitments from a bank in the amount of—I do not know how many millions of dollars, but I believe it is over $7,000,000. The commitments have been made at 3½ percent interest.

Mr. IVES. Mr. President, will the Senator yield?

Mr. McCARTHY. Certainly; I shall be glad to yield.

Mr. IVES. Mr. President, I simply desire to cite some facts pertaining to the particular project to which the distinguished Senator from Wisconsin refers. The first of such projects, an 800-apartment garden-type project, planned for Bayside, Queens, under section 608, at the beginning of this year, on the basis of $1,800 per room, cannot be built at any lesser mortgage figure. Some 600 veterans have made down payments averaging $1,000, almost $600,000 being now on deposit. One of the largest New York banks made a $7,250,000 mortgage commitment at 3½ percent, an interest rate no longer available. An option on the 40 acres of land was obtained at the very reasonable price of $8,000 per acre. Anyone who is familiar with that section of New York knows that that is a very reasonable price. A reputable contracting firm agreed to construct the project at figures which have since increased. All of this was based on the $1,800 per room mortgage then available under section 608, and the good faith and prestige of the State of New York—its word to some 600 individual veterans who are willing to help themselves by personally financing their own apartments without one cent of public funds as a means of obtaining badly needed housing within the private-enterprise system—now hang in the balance.

I thank the Senator from Wisconsin.

Mr. McCARTHY. Mr. President, I understand that loan commitments have been made totaling in excess of $1,000,000. Is that correct?

Mr. IVES. The amount is $7,250,000.

Mr. McCARTHY. That commitment has been made at the rate of 3½ percent. Since the increase in interest rates, I gather that the bank would be very happy to get out from under the contract. A firm contract was made with a builder. Since that time costs have increased, and I assume the building contractor would be happy to have a release of that contract.

Mr. IVES. I should like to point out that unless this provision in the present statutes is made, this whole project will go down in defeat and failure, and there will be no project.

Mr. McCARTHY. That is what I was coming to. Unless we pass some housing legislation at this time, that is just one of the projects which will be dropped. It can be multiplied by 50, 100, 500—I do not know how many times. But unless we pass some housing legislation, the building of homes for veterans will cease over night.

For the record, and so that the FHA may be thoroughly apprised of what the Senate has in mind, I wish very briefly to detail the amendments we made to the bill, to cover Bell Park Gardens and other like projects.

There was an $8,100 per unit limitation, but we find in these cooperatives that it is often necessary to have apartments of 5 or 6 or 7 rooms. In such a situation obviously a per-unit limitation is unworkable. We have therefore provided that where a veterans' cooperative is concerned, the head of the Housing and Home Finance Agency may shift from the per-unit limitation to a per-room limitation of $1,800 per room, and that will take care of the situation in Bell Park Gardens and countless other like situations.

There is another substantial change, and I think this is especially important

in view of the Federal Reserve Board's recent memorandum issued to the member banks to tighten up on home loans. With the Federal Reserve System tightening up on home loans, and many State banks following that lead, as they often do, we find that in many areas it is almost impossible to get loans for low-cost homes. So what we are doing in this bill at this time—and this meets with the approval of the Senator from Indiana [Mr. JENNER], who originally introduced the bill—is to increase the secondary market from 25 percent of the portfolio to 50 percent.

We have taken title I from the Taft-Ellender-Wagner bill, which deals almost exclusively with what is known as title I, class 3 homes. There are very few of those in large cities; they are rural and semirural homes. We have increased the loan limitation from $3,000 to $4,500. The T-E-W bill increased the authorization from $165,000,000 to $175,000,000. In this bill we have increased it to $200,000,000. In other words, there is a $35,000,000 increase in the authorization. The loan being a 10-percent loan, the increase of value of low-cost homes covered by this increase would total $350,000,000. Again, that is aimed toward inducing the contractors to get down in the low-cost housing field.

I think we have one of the most important sections of the bill, from a long-range standpoint, on page 74, starting in line 18, entitled "Standardized Building Codes and Measurements." As all Senators know, the Joint Housing Committee, which spent many thousands of dollars traveling across the country attempting to study thoroughly the housing situation in order to find out what the really serious road blocks in the way of housing were, agreed, I think, unanimously, that one of the most serious road blocks in the way of low-cost housing is the greatly outmoded cost-increasing restrictive codes in some 2,000 different metropolitan areas. We feel that this has contributed to keeping the building industry roughly 50 years behind the times.

We think this situation cannot be corrected except with some Federal cooperation, so in this bill we set up within the Housing and Home Finance Agency a section whose sole job will be to work toward the standardization of codes and the standardization of measurements and building materials. That, of course, calls also for some research, which will cost money, how much we do not know, but regardless of how much it costs we feel it will be money very well spent. It will call for research in connection with accomplishing these two objectives, namely, standardization of codes and standardization of building materials. It does not call for any other research except that type of research.

We have taken the yield-insurance program from the T-E-W bill in toto and put it in this bill on page 75. There is a great deal of difference of opinion as to how much good this yield-insurance program may do. So far we have met with no one who says it will do any harm. As Senators know, simply stated, the yield-insurance program merely says to the equity investor—not the man who borrows money, but the equity investor, "If you will build rental units and set the rent to yield roughly 3½ percent on the investment, we will guarantee you a 2¾ percent return." It is not anticipated by our committee or by the Bureau of the Budget that this will cost the taxpayer a single cent. A number of insurance companies say this will induce them to come into the rental market and start to producing cheaper rental housing.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield to the Senator from Utah.

Mr. WATKINS. Has the committee made a study to determine whether or not the renters can pay the rent which will yield the rate of interest the Senator is mentioning on the money invested by the trust funds?

Mr. McCARTHY. How low in rentals the equity investor can get I do not know. In one city he may produce rental units which will rent at $60, in another city rental units which will rent for $35 or $40. We know that if we take the formula the FHA uses in setting rents on section 608 projects, and compare that with the formula used in setting rents under the yield insurance plan, there will be a saving of 20 percent, I think it is, at any rate, it is a substantial saving. These are not my figures, they are figures from the Deparment, and I have used them in the RECORD heretofore.

Let me briefly explain. In setting the rental on the section 608 projects, in view of the fact that the builder must borrow the money and pay interest on it, and pay insurance, they must set a higher return than as though he were using his own money. The return is roughly 6 or 6½ percent, according to the formula used. Actually if one will sit down and take his pencil he will find it is 8 or 9 percent. In other words, in the section 608 projects rental units are being produced in which the rents are set to yield an 8 or 9 percent return. If we can get investors to come in under this yield insurance section of the bill, we will have rental units on which the return will be only 3 or 3½ percent, and it will produce units that will rent for less money.

Mr. WATKINS. If the rental is not sufficient to make the return, the United States Government then will have to pay the difference, will it not?

Mr. McCARTHY. We have gone into this matter very thoroughly, and the Bureau of the Budget has gone over it. If times are even seminormal, or even with a depression, it is not estimated that this will cost the taxpayers anything, for the reason that the returns are set to yield 3½ percent.

Mr. WATKINS. I do not think the Senator caught my question. Assuming that the rentals, with the premiums, or whatever is charged for the insurance, are not sufficient to take care of what will have to be made up under the insurance program, the Treasury of the United States will have to make up the difference, as I understand.

Mr. McCARTHY. If we had a depression so great that these rental units were empty, or if the renters could not pay a rental to yield 3½ percent, the Treasury Department would have to make up that deficit. Before that happens, however, every section 608 project in the vicinity will be empty, and the Government itself will be really in the housing business. So that before it costs us anything under the yield insurance plan we can be quite certain that we will have taken back every section 608 project. I do not think that will happen.

Mr. WATKINS. My observation is that in the event the returns on rentals are not sufficient to make up the insured income, the Treasury Department will have to take care of it, anyway, and it will in effect be a subsidy.

Mr. McCARTHY. That is correct, I will say to the Senator, but——

Mr. WATKINS. What is the difference between that and the public housing provision under which some help is provided for the low-income group?

Mr. McCARTHY. First let me give the reason for yield insurance. Many insurance companies under their charters, under their contracts with their policyholders, under various State laws, cannot go into the field of building rental housing. This type of bill will enable them to do that. There have been very extensive studies, starting back with the Taft committee in 1944, and as yet we have had no witness come before the committee and say that this plan will cost the taxpayer money. Now with that unanimity of feeling I cannot feel that we need to be too disturbed about it. There is no doubt that if we get such a depression that every apartment house in the country is empty, and every renter is unable to pay his rent, then certainly this project will cost money. But if that time comes, we would not be much disturbed about this matter.

Mr. WATKINS. I will ask the Senator whether a study has been made to determine whether or not these apartments can be rented at a sum which the low income group can pay, and which will still yield the amount of guaranteed return?

Mr. McCARTHY. Such a study has been made. I might say we are deeply indebted to Columbia University for the aid it gave. They lent us Mr. Jones full time. They gave us unlimited help. I will say that a study has been made, and that all of us who gave some time studying this particular proposition are fully convinced that the equity investor who is satisfied to take 3½ percent on his money can produce rental units for less than the man who borrows money and pays 4½ percent, pays an insurance premium, and who must make a profit. The purpose of this is to get cheaper rental units, and try and get equity money in the market. As we all know there is practically no equity money in the market today and I think until we do get equity money into the market we will have difficulty in getting rents down.

Mr. WATKINS. Has the Senator received any explanation from firms or institutions which have this type of money as to whether they are willing to enter into a program of this kind?

Mr. McCARTHY. At the time of the hearings on the original Taft-Ellender-Wagner bill only one of the insurance

companies said it would commence building under this particular program. Since that time we went over the matter with all the major insurance companies to find what their objection was to the yield insurance program in the original T-E-W bill. They had some minor objections, none of any great importance. They were mostly questions of bookkeeping. We think we have successfully met those objections. We have been led by various insurance companies to believe we have done so. While we have no firm commitments by any insurance companies that they will start to build, we feel that this program will at least open the door to let them come in and build. In other words, we are in a position where nothing can be lost and everything can be gained.

Mr. WATKINS. Is it the Senator's opinion, then, that this particular provision will furnish the means for housing such as the public housing feature of the T-E-W bill seeks to provide?

Mr. McCARTHY. Very definitely not.

Mr. WATKINS. It is not intended to accomplish that purpose?

Mr. McCARTHY. Very definitely not. At least it would not provide rental units for the group that I would like to see taken care of by way of public housing.

We have the same salary provisions that were in the T-E-W bill that was passed by the Senate, and we also have a provision for the eviction of over-income tenants in the present 190,000 public housing units. We do not provide that they must be evicted instanter. We provide that the FPHA, the local housing agency, shall evict them in an orderly manner, and I understand they have a program of evicting 5 percent each month on 6 months' notice.

I have one amendment which I have taken the liberty of adding to the bill without having first consulted the other two members of the subcommittee. I do not believe they are present. If they disagree with this amendment, I shall feel forced to remove it from the bill. I hope they will agree to it.

First, I propose to give the reason for the amendment. I have had countless numbers of veterans and veterans' wives call on me and tell me that they go to these federally financed projects. They apply for an apartment. Everything is all set. They can get the apartment until they make the mistake of saying that they have one or two children. Once they mention children they are ruled out as far as getting an apartment is concerned.

The main reason why we are furnishing these liberal loans to stimulate the production of rental housing is so that the veterans and their families and the rest of our lower-income groups can be properly housed, and if a man can apply for a Federal loan, take advantage of all these Federal funds, and then say, "I am going to defeat the purposes of the bill by having an absolute bar against anyone who is raising a family," then there is no need of passing any housing legislation at all.

I shall read my proposed amendment:

Provided further, That no mortgage shall be insured under section 608 of this title unless the mortgagor certifies under oath that in selecting tenants for the property covered by the mortgage he will not discriminate against any family by reason of the fact that there are children in the family, and that he will not sell the property while the insurance is in effect unless the purchaser so certifies, such certification to be filed with the Administrator; and violation of any such certification shall be a misdemeanor punishable by fine of not to exceed $500.

In closing, Mr. President, I will say that while I, myself, supported the slum-clearance provision, spent weeks drafting what I thought was a good slum-clearance provision, while I supported the public housing provision as it was finally written, and I voted for it then, and I would vote for it again. I will say I know the one way in which we can kill all housing legislation and make sure that there will be no housing legislation at this session, is to include a public housing and slum-clearance provision in the bill.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. BREWSTER. I have been very much interested in reading the program of Mr. Eccles for preventing inflation, and in connection with housing I notice this provision in his program:

Housing: The Federal Government should not, by what seem to me political reasons, encourage a housing program in excess of the amount of labor and materials available and encourage further inflationary trends.

I should like to ask whether or not the Senator from Wisconsin feels that the measure he proposes does take those trends into account.

Mr. McCARTHY. What we have tried to do is to redraft the bill in the light of what has happened since the original introduction of the bill, taking into account the inflationary forces. That is the reason why we have liberalized the loans on the lower cost housing. We tried to tighten up the credit on the more expensive homes.

Mr. BREWSTER. So as to encourage the more moderate classes of homes, having consideration for the so obviously limited supply of materials that the President's board reported was available.

Mr. McCARTHY. That is true. And in effect what I think it will do, is to channelize the scarce materials into the cheaper, lower cost homes, because if a contractor cannot sell a $14,000 or $16,000 home under the liberal loan provision that we all of us had in mind some time ago—if we say, "You can no longer get these liberal loans for the expensive homes, but we will make the loans more liberal for the homes that cost five or six or seven thousand dollars," what will happen is that the scarce material will be channelized into that type of housing where it is most needed.

Mr. President, I think that covers substantially all the bill. Again I urge the Senate——

Mr. CAIN. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. CAIN. Would it be safe for any Senator to conclude that the Senator from Wisconsin is in fact recommending the passage at this time by the Senate of an improved Taft-Ellender-Wagner bill, less public housing and slum clearance?

Mr. McCARTHY. I think that is a fair statement. I might say that we had the very intelligent assistance of the Senator from Ohio [Mr. TAFT] in redrafting the sections of the bill, keeping in mind his view that some provisions of the original bill were very inflationary.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield

Mr. FLANDERS. The things which are left out of the committee print are those he mentions, namely, urban redevelopment and public housing; also farm housing; also a strong provision for research in the reduction of housing costs, rather than the limited provisions in this bill.

Mr. McCARTHY. Let me call the Senator's attention to the fact that he and I and the Senator from Virginia [Mr. ROBERTSON] and the Senator from Ohio [Mr TAFT] met prior to the introduction of the original Taft-Ellender-Wagner bill. The Senator and I agreed—in fact, all four of us unanimously agreed—that the farm-housing section of the Taft-Ellender-Wagner bill was the most badly drafted section of the bill, that it was not really a farm-housing provision at all. The Senator and I agreed at that time with the Senator from Virginia and the Senator from Ohio that instead of submitting that type of inadequate, badly thought out, so-called farm-housing legislation we should strike the farm-housing provision, and that in place thereof we should have a section to the effect that the Housing and Home Finance Agency and the Agriculture Department should study the question of farm housing and recommend to the Congress what they would consider a sensible farm-housing provision, in the light of the changed conditions since the farm-housing section was drafted in 1944.

Let me make this clear: I am not criticizing the farm-housing section as of 1944. Perhaps as of that time it might have been well, but the Senator and I agreed that it should not be in the Taft-Ellender-Wagner bill, so I wish the Senator would not use that as an argument against what we are doing here.

Mr. FLANDERS. But the Senate disagreed with us.

Mr. CAIN. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. CAIN. In the opinion of the junior Senator from Wisconsin title VII, covering farm housing, was very badly drawn, was it not?

Mr. McCARTHY. Very badly drawn in the light of conditions of 1948, not in the light of 1944 conditions, when it was originally drawn.

Mr. CAIN. Yet title VII appears to be presently before us, as a result of the action which a majority of the Banking and Currency Committee took this morning. Is that correct?

Mr. McCARTHY. That is correct.

Mr. CAIN. Did the Senator from Washington correctly understand the Senator from Wisconsin to say that he and the Senator from Vermont have been in agreement that that title should be

stricken from what has always been called the Taft-Ellender-Wagner bill?

Mr. McCARTHY. The Senator from Vermont [Mr. FLANDERS], the junior Senator from Wisconsin [Mr. McCARTHY], the senior Senator from Ohio [Mr. TAFT], and the Senator from Virginia [Mr. ROBERTSON] met in the Banking and Currency Committee room, and we agreed that instead of having that particular section in the bill we should substitute a section providing for study by the Housing and Home Finance Agency and the Department of Agriculture. I am sure that if the Senator from Vermont will sit down and study the farm-housing section he will be as convinced as I am that it is completely deceptive, and that it would do the farmer no good at all. It was drafted in 1944.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. FLANDERS. I should like to suggest to the Senator from Wisconsin that he should address his objections to that provision not to me, but to the United States Senate, which put it in the bill.

Mr. McCARTHY. Mr. President, in closing——

Mr. CAIN. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. CAIN. Let me return for a moment to my original inquiry. Is it the opinion of the Senator from Wsconsin that the recommendation to which he is presently addressing himself includes every possible incentive to the acceleration of housing construction in this country?

Mr. McCARTHY. In the lower-price field. There is no incentive whatever for the construction of more expensive homes. I think it includes every conceivable incentive for the production of low-cost homes.

Mr. CAIN. The Senator is asking the Senate, therefore, for a good many reasons, temporarily to lay aside the controversial social and welfare questions of low-rent housing and slum-clearance, in favor of enacting legislation which will immediately accelerate housing construction.

Mr. McCARTHY. Yes; and I am asking the Senate to take into consideration the condition which exists as of today. If we vote public housing and slum clearance into a bill, regardless of how wholeheartedly we may favor those two things, that means that we shall have no housing legislation at all, because I know that the House leadership is not bluffing when it says, "We will not take any public housing or slum clearance." I had hoped that it would at least take slum clearance. I think the proposed slum-clearance program is a good, sensible program, which we should ultimately adopt. I believe that ultimately we should adopt a public-housing program. But I believe that we should make an about-face as to the type of tenants to whom the units are made available. But I do not believe that anything is to be gained by going into a lengthy discussion of that question.

I may be mistaken, but I understand that there will be introduced, either by the Senator from Ohio [Mr. TAFT] or some other Senator, at the beginning of the next session, a long-range public housing and slum-clearance provision. I hope to work with other Senators on that program. I hope that possibly a sensible slum-clearance-public-housing provision, either along the lines of the present Taft-Ellender-Wagner bill, or along the lines suggested in the Republican platform, which is a different program, will be enacted.

Let me repeat that if we put slum clearance and public housing into this bill, we are saying to the 800 veterans who have deposited $1,000 each to get an apartment in the Bell Park Gardens——

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. McCARTHY. Let me finish. We shall be saying to those 800 veterans, and saying to a countless number of other veterans all over the country, "This year you shall not have housing, because of our feeling that unless we can get public housing and slum clearance we will not take anything." Despite the fact that the Senator from New Hampshire [Mr. TOBEY], the Senator from Vermont [Mr. FLANDERS], and every other Senator, so far as I can determine, wholeheartedly endorses every single provision in my proposed amendments, I think it would be extremely short-sighted and vicious for this body to say to the veterans of this country that because of our emotional feeling about public housing—and I know that the Senator from New Hampshire is very sincere—we are not going to take any housing. We shall be saying to those veterans, "We are not going to help you at all unless we can get a few federally owned and operated apartments."

I now yield to the Senator from New Hampshire.

Mr. TOBEY. Mr. President, addressing myself to the distinguished Senator from Wisconsin, there are two or three subtitles which I wish to take up with him.

The first is his dogmatic statement—I know that he is sincere—that unless we take this bill, we can get nothing. On that basis he has been assiduously interviewing Senators and trying to get votes by saying, "If you do not take this, you get nothing." That is very far from the truth. I challenge that statement. Where is the authority for it? Who told the Senator that?

Mr. McCARTHY. I will give the Senator my authority.

Mr. TOBEY. Come across.

Mr. McCARTHY. I am sure that if the Senator will check the matter he will agree with me. I have been informed that the majority of the House Rules Committee will not at this time take a bill with public housing or slum clearance in it. I am sure that they are serious.

Mr. TOBEY. I know that they are serious. So am I.

Mr. McCARTHY. I believe that the Senator also feels that they are serious.

Mr. TOBEY. Yes.

Mr. CAIN. Mr. President——

Mr. McCARTHY. Let me finish——

Mr. CAIN. Mr. President, will the Senator yield in order that I may ask a question of the Senator from New Hampshire? Was it not——

The PRESIDENT pro tempore. To whom does the Senator yield? Will Senators please address the Chair?

Mr. TOBEY. The Senator from Wisconsin yielded to me, did he not?

Mr. McCARTHY. Let me yield first to the Senator from New Hampshire.

The PRESIDENT pro tempore. The Senate will be in order.

Mr. McCARTHY. The Senator from Wisconsin yields to the Senator from New Hampshire.

Mr. TOBEY. On that basis I address myself to the Senator from Wisconsin, and ask him who is this House leadership. Who are they? Is it JESSE P. WOLCOTT, Representative from Michigan? Is it RALPH A. GAMBLE, of New York; is it JOSEPH W. MARTIN, JR., the Speaker of the House? Who is it? I ask the Senator from Wisconsin to name them.

Mr. McCARTHY. I shall be glad to do so. There is no question about this matter. I think Representative WOLCOTT represents the majority in the House of Representatives in matters of housing, and he has authorized me to say that they simply will not accept public housing provisions. He told us this, and the Senator from New Hampshire was present, I believe. He said, "We will give you gentlemen of the Senate a blank check in drafting housing legislation if you will keep out of this bill provisions as to public housing and slum clearance, and if you do not go too far in the research section."

Both the Senator from New Hampshire and I may disagree as to the wisdom of that; we may think that the gentleman from Michigan [Mr. WOLCOTT] should be in favor of public housing and slum clearance. But the point is that, as of today, we face a situation in which we shall not get housing legislation of any sort unless we proceed along those lines.

Mr. TOBEY. Mr. President, I have a feeling of compassion in my heart for the Senator from Wisconsin for what is coming to him right now. What he is saying to us, Mr. President, is that some pooh-bah in the House of Representatives has said to us, "Unless you take this, you get nothing."

Mr. McCARTHY. Oh, no.

Mr. TOBEY. That is what the Senator said he said.

Let me complete my statement, Mr. President. Does not the Senator know that the entire House Banking and Currency Committee voted out the bill with public-housing and slum-clearance provisions in it; but then, by the subtle influence of some leadership over there, which I think I can name, they went to the chairman of the Rules Committee and told him what should be done, and he obeyed the orders; and as a result, the will of the people and the democratic process are set at naught, and one man's will is to rule; one man, sitting at the door of legislation says, "They shall not pass."

Mr. President, in this democracy of ours, if we are to see to it that, as Lincoln said at Gettysburg, "Government of the people, by the people, and for the

people shall not perish from this earth," then I say that if we bow to that challenge from the House of Representatives and let them put this over, then every piece of legislation coming to the Senate in the future can be the subject of similar high-handed, high-binding methods. Mr. President, for myself I refuse to accept it.

The Senator from Wisconsin knows that the bill containing public-housing and slum-clearance provisions was reported by the House committee; but now it is strangled in the Rules Committee of the House of Representatives, and the will of the Senate and of the House committee and of the people of the country is thwarted.

Mr. McCARTHY. The Senator should not scold me.

Mr. TOBEY. I was simply telling the Senator.

Mr. McCARTHY. Let me make clear that I did not intend, and never have intended, to intimate that the chairman of the House Banking and Currency Committee, Representative WOLCOTT, speaks for himself alone. I think he is speaking for a vast group of Republicans.

Mr. TOBEY. I will tell the Senator who he is speaking for.

The PRESIDENT pro tempore. The Senator will please address the Chair.

Mr. TOBEY. I addressed the Chair. I wanted to tell the Senator who they were.

Mr. McCARTHY. I ask the Senator to wait just a minute, please.

As I said, Representative WOLCOTT is speaking for the majority; and there are a number of Members of the House of Representatives who have been firmly convinced that, in view of the tremendous shortage of building materials, it would be disastrous to the home-building program if we were now to commence a public-housing program. They look at the present administration of many of the public housing units. For example—begging the pardon of the Senator from Michigan—they can look at the unit in Detroit, in which until 3 months ago at least, a man making $24,000 a year was living—in a subsidized apartment—and was paying $45 a month for it, while at the same time we had come before us at our committee hearings in Detroit any number of veterans' widows who had 2 or 3 children and were living with them in one-room, basement apartments. There are in that project a considerable number of men making over $10,000 a year, while veterans are walking the streets, looking for a place in which to live. One veteran told me he was paying $15 a week for one basement room for himself and his wife and their two children—while a man making over $10,000 a year was paying $45 a month for this subsidized housing.

Mr. TOBEY. Mr. President, will the Senator yield to me?

Mr. McCARTHY. I yield.

The PRESIDENT pro tempore. The Senate will please be in order.

Mr. TOBEY. Mr. President, will the the Senator yield?

Mr. McCARTHY. I yield.

Mr. TOBEY. I thank the Senator.

The Senator has aroused my righteous indignation. I share with him the same kind of indignation that he has for such an extravagant situation as the one he has described, but the Senator from Wisconsin knows that is not a matter related to this bill. That is a matter of administration, and it can be corrected as such. It does not involve this proposed legislation.

Will the Senator from Wisconsin please confirm the statement I make now; will he please state whether I am correct in saying that the House Banking and Currency Committee, chairmaned by the Honorable JESSE WOLCOTT, of Michigan, reported the bill with public housing provisions in it and slum clearance provisions in it; and is it the Senator's understanding and knowledge, and is it not confirmed now by me, that thereafter the House Rules Committee said, "Regardless of whether it was reported by the committee, it will never come up on the floor of the House"; and the Senator himself was told, "It is either this or nothing."

If that be true, and if we accept it and act in accordance with it, the democratic processes will have gone by the wind. The Senator knows that to be so. JESSE WOLCOTT is a friend of mine, and I esteem him highly; but he is not alone in this matter. In my opinion, it is a triumvirate; it is the Speaker of the House, JOSEPH W. MARTIN; and CHARLES HALLECK, of Indiana, sometime candidate for President; and JESSE WOLCOTT. Those are the big three, and they issue the dictum, "They shall not pass."

I suggest that if we bow to them we shall be saying, "Whenever you want to block something in the future, just play the same game."

Mr. President, let us find out who is running this country. If we accept the attempt that is made in this case, the result of our action will be that the people will be the victims of an oligarchy composed of from one to three men.

Mr. McCARTHY. My point is—and the Senator will agree with me, I think—that if no housing legislation is passed, that will be just as bad——

Mr. TOBEY. Let me say——

Mr. McCARTHY. Mr. President, I refuse to yield until I finish this sentence.

I started to say that the men who have been mentioned by the Senator from New Hampshire are highly respected by me. I think the Senator's statements are very unfortunate. The Members of the House of Representatives who take that position are just as serious in doing so as we are in taking the position that we take. As a matter of fact, they have good reason to feel justified in their position. When they look at the situation in public housing, as I have said, they find that the situation is extremely foul. We cannot blame the present Administrator too greatly, I believe. The conditions which brought about the present situation were largely beyond his control. During the wartime period we had a great parade of public housing administrators. We had thrown into public housing many jobs and different kinds of bookkeeping systems, all of which helped create the present chaotic condition. But the point is that today, when those men look at public housing they see that it is not being administered as it should be. They know it is not being administered for the individuals about whom the Senator is concerned. They find that public housing is now being administered for the benefit of a favored few.

The matter of money is important. The General Accounting Office called in what they considered to be one of the top accounting firms. The Members of the House of Representatives can look at the report of that accounting firm, which shows that, as of that time, the Public Housing Administration kept no record of receipts, no record of expenditures, no record of accounts due, no record of accounts payable. They can look at those matters; and they can find, for example, that someone in the Public Housing Administration entered on the books an item of $647,000, or thereabouts; and when questioned about it by a committee headed by one of the Democratic Senators, that man said, "Well, we had to enter it to balance the books." That is the type of administration that has been had.

Moreover, they can look at reports to the effect that in the Los Angeles area, $97,000 worth of lumber and scarce material simply disappeared; and when the Administrator was questioned about it and was asked whether he knew whether it went to someone's lakeshore home, or was stolen, or just what happened to it, he said, "I do not have any idea."

When those men see public housing so badly administered, I do not think we can question their motives when they say it will not solve the housing problem to give that same administration additional billions of dollars and when they refuse to accept public housing.

I think it is very unfair of the Senator from New Hampshire to question the motives of the Members of the House of Representatives who take a position contrary to his.

I repeat that if, as the Senator from New Hampshire says, those men are blocking housing legislation in the manner in which the Senator from New Hampshire claims they are, then the Senator from New Hampshire also is blocking it by saying that unless we pass public housing legislation we shall have no housing legislation.

Mr. TOBEY. The Senator yields to the defense. The charge made by the Senator from Wisconsin is that the Senator now speaking is equally guilty with the triumvirate or anybody else in the House in blocking housing legislation. That is the charge. Here comes the answer. The fact remains that nothing of the sort is true in the slightest degree. All the Senator from New Hampshire is trying to do in his Committee on Banking and Currency is to report a bill reflecting the views of the Senate, a bill thrice passed by the Senate embodying both slum clearance and public housing. I may say, after having conferred with the Senator from New York [Mr. IVES], that he is in favor of the bill.

What the Senate is going to do is this: They are going to pass a separate bill tomorrow, which will be in accordance with their views. The matter will be taken care of 100 percent.

Coming down to the question of unfairness, all I ask is that the fairest thing

in the world, the democratic process, be enthroned in this day and generation under the Capitol dome. All we ask for is that the bill be passed here by the Senate, be sent to the House, and go to conference. Under the rules of the House and Senate, that is where it should go.

But the distinguished Senator from Wisconsin said, "I know it never will go to conference; they will not let it." So we are met with the dictum, "You can not take this bill to conference", and the democratic processes are set at variance, in effect nullified. Let the bill pass in the Senate and go to conference; then let the minds of the conferees work, and let them produce what we want, which is a piece of legislation pro bono publico. That is what we propose to do. If that is unfair, make the most of it. I can not follow the Senator.

Mr. McCARTHY. If the Senator from New Hampshire will bear with me, he speaks of the democratic processes. We have certain rules in the House, the same as here. There is a rule that the bill must go to the Rules Committee. If the Rules Committee sees fit, it will report the bill and it will go to the floor. That rule has been in existence ever since the establishment of Congress. It has been in existence under both Democratic and Republican administrations. We have never seen fit to change the rule.

Mr. TOBEY. We have nothing to do with it here.

Mr. McCARTHY. Let me say that if the majority of the Rules Committee say the bill shall not go to the floor, it will not go to the floor. That is the democratic process—the majority rule. The majority of that committee feel as strongly, if not more strongly against the recent use of public housing than you feel for it. Apparently the majority of that committee are committed against public housing as it is now administered. That is their right. They feel this program should not be passed at this time.

I call the Senator's attention to this, and I ask whether if I am correct: If we pass the public-housing section, that will not produce a single unit within the next year. If I may refresh the Senator's memory on that, we have had testimony before us. I am sure if he will check with the FPHA they will tell him so. They will tell him the only public-housing units that can possibly be activated before July 1 of next year would be some of the 15,000 units that had been planned but not built prior to the war. They will tell the Senator, I am sure, that not a single public-housing unit can be obtained within the next year, if this bill is passed.

Mr. TOBEY. Mr. President, will the Senator yield on that point?

Mr. McCARTHY. I yield.

Mr. TOBEY. I thank the Senator.

Everything is a matter of growth. The child from conception through the 9 months in the mother's womb, until it is born into this world, is a matter of growth. The apple blossom, up to the fully matured fruit, is a matter of growth. Legislation that starts with a great objective for human happiness and human prosperity is a matter of growth. We conceive the idea, we pass a bill in the Senate; the House passes it, the President signs it, and it becomes a law and, lo and behold, the mechanics are started whereby a great, Nation-wide slum-clearance project can come into effect. Of course it takes time, but it is elementary that the longer we wait, the longer it will take.

Mr. McCARTHY. The Senator from New Hampshire and I must agree that if he is successful he will have done perhaps more than anyone else to make it impossible for these 800 young men, veterans in Bell Park Gardens, to live in decent homes as well as other hundreds of thousands of veterans in a like situation. Do not get me wrong. I am not accusing the Senator of malice. I do not know of any man who has a warmer heart than the Senator. I hate to see it so badly misdirected.

If I may close on this, I may say that if the Senator is successful in carrying through the line of action which he is now advocating, it will mean there will be thousands, perhaps millions of veterans who simply will not have a decent place in which to live, as the result of the action taken by the Senate here today. We have a bill before us, of which I am sure the Senator heartily approves. I am sure he will agree that it will channelize scarce materials into the construction of cheaper homes. I am sure the Senator will agree with me that if my bill is passed, many veterans next year will be paying less rent than they would pay had this bill not been passed. I am sure the Senator will agree with me that under my bill an unlimited number of veterans' cooperatives can be established for the production of cheap housing, both for rental and for sale, and that, unless the bill is passed, that will be impossible. Again I say that with the great consideration which the Senator has for the poor man, realizing that this is a poor man's bill, he help us get it through the Senate even though it does not contain everything he desires. In view of the consideration which the Senator has for the poor man, I sincerely hope he will reconsider and will not take action which would endanger any and all housing legisation at this time.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. TOBEY. Mr. President, will the Senator yield for 30 seconds only?

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield; and if so, to whom?

Mr. McCARTHY. I yield the floor.

Mr. TOBEY. Will the Senator from Wisconsin yield to me?

Mr. YOUNG rose.

Mr. TOBEY. Mr. President, I inquire who has the floor.

The PRESIDENT pro tempore. The Senator from New Hampshire, if he addresses the Chair, or the Senator from North Dakota, if he addresses the Chair. The Chair recognizes the Senator from New Hampshire.

Mr. McCARTHY. Mr. President, did the Senator from North Dakota wish me to yield for a question?

Mr. YOUNG. No; I have a speech I should like to make.

Mr. TOBEY. I shall be through in a minute.

Mr. President, the Senator from Wisconsin does not move me a bit by his impassioned plea, because his premises are entirely wrong, and therefore his conclusions are wrong. All these things for veterans about which he talks are in the bill the committee offers, including the uniform building codes, the agreements about materials. Nothing is lost. They are in the bill. But so far as this question goes, let us get down to brass tacks. The bill provides a mutual housing proposition for veterans. That is not going to be lost. It is going to go through. The Senator from New York knows it is going to go through, and so does the Senator from Wisconsin. I will state how it is going to go through.

Mr. IVES. Mr. President, will the Senator yield?

Mr. TOBEY. I am glad to yield.

Mr. IVES. I do not think the Senator from New York knows that it is going to go through.

Mr. TOBEY. He knows it is intended to go through.

Mr. IVES. The Senator from New York has been advised that the committee of which the distinguished Senator from New Hampshire is chairman is going to consider it, and that it is expected the committee will vote favorably upon it. The Senator from New York hopes very much that it will be passed by the Senate.

Mr. TOBEY. I think that, as nearly as anything is certain beyond death and taxes, I can assure the Senator it will be passed. He has a good case. We in the committee are all for it, and it will go through. It will not be lost. Nothing virtuous or good or fine or worth while in housing will be lost by passing the bill the Senator from Vermont and I sponsor and which the Senate has passed thrice before.

So I want to thank my colleague for his many courtesies in yielding. Under great stress of tempers and dispositions the best of feeling prevails. I make the prediction that tomorrow at 1 o'clock when it comes time for the portcullis to fall, the distinguished Senate will live up to its custom, its mores, and its work last May, that it will again pass the Taft-Ellender-Wagner bill and send it to the House, and say, "Let the housing bill go to conference, under the democratic processes, or else let the responsibility be on your heads."

Mr. MORSE. Mr. President, will the Senator yield?

Mr. TOBEY. I yield.

Mr. MORSE. I should like to call the attention of the Senator from New Hampshire to Senate bill 2927, a bill which I have already introduced in the special session of the Congress, dealing with GI housing. I should appreciate it very much if the Senator overnight would give his personal attention to the bill. It is the present intention of the junior Senator from Oregon to offer Senate bill 2927 tomorrow as a substitute for title II of the bill which the Senator has reported. I do not want to take time tonight to discuss it, but I have had inserted in the RECORD my reasons for supporting Senate bill 2927. I would appreciate it if my good friend from New Hampshire would check it over so we may discuss it tomorrow morning prior to the convening of the Senate.

The particular portion of title II of the bill to which I take exception will be found on page 28, line 12, providing that no loan may be purchased if made prior to the effective date of the act. The difficulty which confronts the GI's involves the accumulation of loans in the banks in connection with purchases prior to the effective date of the act, and unless they can find a secondary market for their paper the GI's will not be helped very much by title II of the Senator's bill.

Mr. TOBEY. Mr. President, I find that the bill to which the Senator adverts was not referred to the Committee on Banking and Currency, but to the Committee on Labor and Public Welfare.

Mr. MORSE. I am a member of that committee. The bill was made ready at a late hour yesterday afternoon; in fact, at the very close of my speech yesterday on another subject I introduced the bill along with my explanatory remarks. It has been impossible to get a meeting of my committee in time to attempt the consideration of the bill. I am sure there will certainly be no serious objection on the part of the Senate or of the chairman of the Banking and Currency Committee to looking over the bill to see the points it contains involving the provision of the Senator's bill in connection with the subject.

Mr. TOBEY. I shall be very glad to do that, and will guarantee to give an answer to the Senator in the morning. I hope to be able to cooperate heartily.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. TOBEY. I yield to the Senator from Washington.

Mr. MAGNUSON. Mr. President, I was not in the Chamber during the prior discussion, but was present during most of it. Do I correctly understand that there has been a public announcement by the chairman of the House Banking and Currency Committee, the Speaker of the House, and the Rules Committee that if the Senate shall pass the bill—the passage of which was one of the reasons we were called into session—involving and containing provisions relating to slum clearance and public housing, the House will not accept the bill? Is that correct?

Mr. TOBEY. The Senator from Wisconsin [Mr. McCARTHY] said he was told by Representative WOLCOTT that the bill would not go to conference and the democratic process would not be carried through.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. TOBEY. I yield.

Mr. McCARTHY. I have been told that a majority of the Rules Committee are against it. I have a definite impression that that is a correct statement. We also can canvass our Banking and Currency Committee to find out what type of legislation will come through, and we find that nothing but a bill with public housing can pass thru that committee. I tried to make similar canvass of the Rules Committee of the House. I am told that for what are considered by them good and sufficient reasons they will not pass a public housing bill which, during a period of scarcity, might disrupt the whole building industry. Whether they are right or wrong, I do not know, but that is the way those men feel, and they do have some good reasons to feel that way. I know a majority of the committee will not favor a bill which contains public-housing and slum-clearance provisions. I think every Senator here knows that to be so. Every Senator knows, if the Senator from New Hampshire is successful on the floor of the Senate in having his amendment accepted, that there will be no housing legislation passed by the House.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. TOBEY. I yield.

Mr. MAGNUSON. I want to inquire of the Senator from Wisconsin whether it is the case—I do not say it is not the case—that since the Senate has on many occasions expressed a desire to have in a housing bill slum clearance and public housing in some degree, why it would not be better for the Senate to have the members of the Rules Committee turn down the Senate measure? I hope the Senator from Wisconsin will answer that question.

The PRESIDENT pro tempore. Does the Senator from New Hampshire yield to the Senator from Wisconsin? The Chair would like to have the debate proceed in order, if it is humanly possible.

Mr. TOBEY. The Senator from New Hampshire gladly yields to the Senator from Wisconsin.

Mr. McCARTHY. Mr. President, the Rules Committe of the House has already turned down such a bill. If we send it to them the second time I am firmly convinced they will do the same thing again.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. TOBEY. I yield.

Mr. MAGNUSON. Then the public is to understand that the reason public housing and slum clearance are not in the housing bill is because a majority of the Rules Committee is opposed to it. I think we ought to get this clear. Is it a majority of the committee, or a majority of the Members of the House?

Mr. McCARTHY. Do not ask me to delve into the minds of the Representatives. We both know that the Rules Committee has once refused to report the Taft-Ellender-Wagner bill. It is completely senseless therefore, in the closing days of this session, to say we will give them the same measure in the hope that they will change their minds.

Mr. MAGNUSON. Mr. President, I am not arguing the merits of the question. I want to place the responsibility for the failure of slum clearance and public housing where it belongs, not on the United States Senate, which has approved such measures, I think, three times.

Mr. TOBEY. Mr. President, let me say to the Senator from Washington and to my friend from Wisconsin that the Rules Committee turned thumbs down. Let it stand that way; but let us send the bill over and let it go to conference. There is nothing dogmatic in our position. We should let the conference prevail. Is not that correct?

Mr. MAGNUSON. That is correct.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. TOBEY. I yield.

Mr. FLANDERS. In spite of the fact that I have been listening with the greatest care, even when two or three Senators were speaking at once, the thing which is not clear in my mind and on which I should like to interrogate the Senator from Wisconsin is this: Has notice been served upon us that the House will not allow a bill to go to conference which contains provisions regarding public housing and urban redevelopment?

Mr. McCARTHY. I have been served no notice. Any one who will read the RECORD will know that we now have a housing bill before us, a bill which the House Rules Committee has already refused to report. The Senator's solution of the housing shortage is to send the House the same bill which the Rules Committee, exercising the power which it is entitled to exercise, has refused to report. I have been informed by Representative WOLCOTT that a majority of the Rules Committee has not changed its mind. From my contact with the Rules Committee, I do not believe the members have changed their minds. I have not been served any public notice by anyone.

Mr. FLANDERS. May I inquire whether the Senator knows it to be a fact that the Rules Committee has no authority over the question whether a conference will be granted in the case of a difference between the two Houses on the subject?

Mr. McCARTHY. I should suggest that the Senator ask one of the older parliamentarians that question.

Mr. FLANDERS. May I inquire of any Senator who has any knowledge on that subject?

Mr. TOBEY. I yield to the Senator from Washington for the purpose of answering the Senator from Vermont.

Mr. MAGNUSON. Mr. President, I have had some experience in the House. I know of no time when the Rules Committee has had any authority to determine whether a bill should go to conference.

Mr. TOBEY. Mr. President, I think the RECORD will show that some time ago the Senator from Wisconsin said he was authorized to state that the bill would not go to conference. I think the Senator has told me in debate that he was told by the chairman of the House Banking and Currency Committee that the bill would not go to conference.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. TOBEY. I yield.

Mr. McCARTHY. I am firmly convinced that the bill would not go to conference. I know that a majority of the members of the House Rules Committee are against the Senator's idea of what should be contained in a public-housing bill. The majority does not know of any emergency calling for the construction of more public housing to be administered as the present units are being administered. We both know that we can pass a good housing bill which will help the poor man. We know that if we send over to the House again the same bill which we sent there previously, there will be no housing legislation.

The PRESIDENT pro tempore. Will the Senator from New Hampshire permit

the Chair to submit what he believes to be a pertinent observation?

Mr. TOBEY. I should be delighted.

The PRESIDENT pro tempore. The Chair has not interrupted the debate, because no point of order has been made, but the Chair feels, in fairness to the rules of the Senate and to the Senate, and by way of suggestion to the Senators themselves, that one of the very fundamental points in our established procedure is that Senators shall not refer to Members of the other branch of the Congress or to proceedings therein.

There is no specific rule on the subject; but Jefferson's Manual, as carried in our own manual, and as used as guidance for our conduct, reads as follows:

> It is a breach of order in debate to notice what has been said on the same subject in the other House, or the particular votes or majorities on it there, because the opinion of each House should be left to its own independency, not to be influenced by the proceedings of the other; and the quoting them might beget reflections leading to a misunderstanding between the two Houses.

May the Chair respectfully say that the precedents of the Senate are legion on this subject, and without a single exception of which the Chair is advised, whenever a point of order has been made against reference to Members of the other House, the point of order has been sustained. The Chair could put a number of decisions of that character into the RECORD if it were deemed desirable.

There can be no question about the nature and extent of these precedents. The Chair feels that there has to be some latitude in the application of the precedents and procedures when, as in the present instance, it is the question of some pertinence, in respect to our own discussion, as to what the attitude of the House may be. But the Chair would like to beg of Senators, in continuing this debate, to stay, so far as possible, within the spirit of this clear and essential rule, so that if a point of order is subsequently made Senators will not be taken by surprise.

The Chair submits these observations in the greatest of good faith and without any reflection on any Senator.

Mr. TOBEY. May the Senator from New Hampshire say that he thanks the distinguished President pro tempore of the Senate for his admonition, and for his tolerance in this debate? The only excuse or justification the Senator from New Hampshire would have would be that he has a deep, passionate, and earnest feeling in the matter, because when I reflect that this very far-reaching piece of legislation has three times come before the Senate, of which I am proud to be a Member, and the Senate has three times passed the legislation, it is difficult to keep from projecting my mind across the Capitol when I see barriers raised, and from almost saying, "Thou art the man, the guilty person."

Without more ado, I guarantee to the distinguished presiding officer that I shall be governed entirely by his admonition, and I thank him for calling my attention to the matter.

The PRESIDENT pro tempore. The Chair thanks the Senator from New Hampshire.

Mr. YOUNG obtained the floor.

Mr. MYERS. Mr. President, will the Senator yield?

Mr. YOUNG. I have been waiting since almost high noon to make a 10-minute speech, and I am rather reluctant to yield further.

Mr. MYERS. Very well.

PRICES OF AGRICULTURAL COMMODITIES

Mr. YOUNG. Mr. President, I desire to address myself briefly to two of the points which President Truman gave as his reasons for the calling of this special session of Congress.

The first point I wish to discuss is the long-range agricultural bill requested by the President in his special message. Apparently Mr. Truman, because of his heavy political schedule in recent weeks, overlooked the fact that Congress had passed a long-range farm program which was signed by him. That bill, in my opinion, was the most constructive piece of legislation that any Congress had passed for many years looking toward the future security of those engaged in the farming occupation. It had then and has now the complete support of all three major farm organizations.

It is a bit difficult to understand why the President would now be asking for a long-range farm program when one has already been passed which meets with the complete approval of the farmers of the United States and the major farm organizations, and I should like to state that it had nearly the unanimous support of the Republicans in both Houses.

The second point to which I wish to address myself briefly is on the matter of alleged high prices for farm commodities, also covered in President Truman's call for a special session of Congress. Mr. President, I ask unanimous consent to have inserted in the RECORD a front-page story in this morning's Washington Post under the following headlines: "Hog prices reach new high; Brannan asks positive action."

The PRESIDENT pro tempore. Is there objection?

There being no objection, the article was ordered to be printed in the Record, as follows:

CONGRESS GETS WARNING—HOG PRICES REACH NEW HIGH; BRANNAN ASKS POSITIVE ACTION

While live hog prices were setting a new all-time high at Chicago yesterday, Secretary of Agriculture Brannan told Congress meat prices will go higher through the summer "unless some positive action is taken."

Hog prices at Chicago hit $31.50 a hundred pounds, 40 cents above the previous high mark reached Monday. Continued scarce supplies from country feeders accounted largely for the upturn.

Brannan told the Senate Banking Committee meat supplies will continue tight and added:

"We can expect little relief from the price pressures now current until the closing months of 1949."

The committee is studying the anti-inflation program recommended by President Truman. Republican leaders have said Congress will not provide the President with the rationing and price control authority he asked last November and again at the extra session.

Brannan insisted an analysis of the current situation indicates immediate measures should be taken to bring "meat prices under control and to make meat available to all our people."

"We are handicapped by the fact that the necessary authority to do this was not granted last November, or even last January," he said.

Brannan said meat consumption is likely to average somewhat lower next year than in this, perhaps about 140 pounds per person, compared with the estimated current rate of 145 pounds.

The Secretary said the principal reduction will be in beef. Pork supplies, he said, should be somewhat larger and all meat prices are likely to "average higher next year than this year."

Brannan said average per capita food consumption in the Nation will run about the same in 1949 as in 1948. This is about 12 per cent above that of the prewar years 1935–39.

Meanwhile, the Agriculture Department said Thanksgiving turkeys will cost more than ever this year. The holiday birds retailed at about 60 cents a pound last November here in Washington.

The Department also said there is no prospect of lower chicken and egg prices before next year.

Mr. YOUNG. This article, Mr. President, is based on the testimony of Secretary Brannan before the Senate Banking Committee yesterday. Mr. Brannan, according to this article, told the Banking and Currency Committee that immediate measures should be taken to bring meat prices under control and to make meat available to all our people. "We are handicapped by the fact that the necessary authority to do this was not granted last November or even last January," he said. This position taken by Secretary Brannan indicates either a total lack of information on the past program of the United States Department of Agriculture relating to food production or it is a statement that only a pure demagog would make while in possession of the facts, as I believe Mr. Brannan was. I believe Mr. Brannan is fully aware of the fact that the United States Department of Agriculture in setting its goals for 1948 production of grains and all meats actually asked for a drastic reduction. Mr. President, let me quote from the first paragraph of a press release put out by the United States Department of Agriculture as of October 22, 1947:

> A national goal of 50,000,000 pigs for the spring of 1948 was suggested to farmers today by the United States Department of Agriculture, which at the same time re-emphasized its request for feeding hogs to lighter weights. This goal compares to the 1947 pig crop of 53,000,000 pigs, a reduction of 3,000,000 or nearly 6 percent.

Mr. President, I ask unanimous consent to have inserted at the end of my remarks the full press release by the Secretary of Agriculture.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

(See exhibit A.)

Mr. YOUNG. Mr. President, the United States Department of Agriculture deliberately set out about a year ago to reduce the supply of not only pork but all other meats. The farmers complied with these regulations, and as a result, we are now short of meat and consequently prices have risen. In this same bulletin setting 1948 production goals for farmers, the United States Department of Agriculture asked for the following

additional reduction in food supplies. Let me quote just a part of them:

Egg production, 1947 goals, 4,559,000 dozen of eggs; 1948 goal, 4,200,000 dozen. Chickens to be raised, 1947 production, 742,047,000; 1948 goal, 693,104,000; turkeys, 1947 production, 34,667,000; 1948 goal, 30,507,000—

That was actually requested by the Department of Agriculture—

slaughter cattle and calves, 1947 production 36,000,000; 1948 goal, 32,000,000.

Mr. President, I have tried to demonstrate that the United States Department of Agriculture clearly set out a year ago to reduce the meat supply available to the American people for 1948. Some of it perhaps was justified to make more grains available for European aid, but I sincerely object to statements such as that by Secretary Brannan yesterday which are designed to appeal politically to the consumers of the United States without telling them the true facts.

Let us see if all this reduction in meat supplies was justified even for European aid, in the light of present circumstances. On July 1, 1947, we had a carry-over of 83,813,000 bushels of wheat and on July 1, 1948, we had a carry-over of 194,890,000 bushels. Thus while the administration was planning to reduce the meat supplies available to the consumers, they actually, through total lack of wisdom and understanding, created nearly 2½ times the wheat carry-over of a year ago—a wheat carry-over which is already burdensome to American wheat producers. That extra carry-over of wheat would have raised enough hogs to have provided all the extra meat American consumers wanted.

Mr. President, the American farmer is doing his level best to meet the consumers' needs, and I think doing a remarkable job of it; one which would never be accomplished if price controls were again placed upon products which the farmer produces. For example, in 1938, after 5 years of New Deal administration, the average consumption of meat in the United States was 126 pounds per person. In 1947, even though handicapped severely by the war years, the farmers made available to the consumers 155 pounds of meat per person, or a gain of nearly 30 pounds for every man, woman, and child in the United States. Secretary Brannan, even though he has no farm background, should know as Secretary of Agriculture that it takes several months to increase the production of poultry. The production of pork can be tremendously stepped up within a period of only a year. In the matter of beef, that is a longer range program. The imposition of price controls would very seriously hamper increased production of beef, and, in my opinion, would only stave off the evil day.

This Nation is favored with one of the biggest grain crops ever produced in its history. European grain production also is practically double that of last year. This abundant grain crop can and will produce abundant and reasonably priced meats for the consumers of the United States if not hampered and restricted by price regulations, and, even worse, ill-advised United States Department of Agriculture programs.

Mr. President, to give some indication of how drastic the grain prices have dropped in the last 6 months, let me read the following telegram received yesterday from R. F. Gunkleman, one of the leading grain dealers in North Dakota. This telegram was in response to a request on my part to give me grain prices as of February 1, 1948, and as of August 1, 1948. The telegram reads:

FEBRUARY 1.

MILTON R. YOUNG,
United States Senate:

January 31 Card Fargo heavy wheat, $2.71 plus, up to 38 cents protein premium; No. 2 yellow corn, $2.35; top malting barley, $2.53; No. 3 white oats, $1.19; No. 2 rye, $2. Today's close same. Grains: Wheat, $1.95, protein premiums up to 36 cents—

That is a drop of about $1 a bushel in wheat, or approximately 30 percent—

corn, $1.68—

Which is very much below 6 months ago—

barley, $1.33—

Again about 30 percent reduction—

oats, 55 cents—

Which is about a 50-percent reduction—

rye, $1.34. Grain markets demoralized due to heavy receipts.

R. F. GUNKELMAN.

Mr. President, this telegram gives a clear picture of how grain prices have dropped in the last 6 months, and even in the face of this production and abundant supplies, the President of the United States is asking for price controls when he, coming from a farm State, should know that these abundant and far cheaper grains will automatically be translated in a matter of months into abundant meat supplies—that is, if not hampered, as I stated, by a police state of regulations.

Perhaps I should go a bit further to state that practically all grain prices are below parity. That means under yardsticks set up by the United States Congress practically all grains are now below the cost of production, and in several instances below support levels. The answer to abundant and reasonable food prices is not to be found in either police-state regulations or special sessions of Congress called for purely political reasons. All we need to do is to let the farmers produce as they want to, unhampered by administration goals which in one year seek to reduce the food supplies of the American consumers, and when they have accomplished these goals of reducing supplies, then to ask for price controls. The answer, in my opinion, is a constructive program not only of increased production of meats but all other food supplies.

This can and will be accomplished if the administration does not again actually ask for short supplies.

Greatly increased poultry supplies can be had within a matter of months. Pork supplies can be greatly increased within a matter of a year, and beef supplies, through large-scale feeding of the abundant and cheaper supplies of grain, will also, in the matter of 6 months, greatly increase.

It does not, Mr. President, require a political session of Congress to accomplish this. All we need is a little common sense and constructive action on the part of the administration. Demagogic speeches by administration officials high in the United States Government designed purely as an appeal for votes from uninformed people is doing a real injustice not only to the United States farmer, who is doing a remarkable job in producing foods, but also to the consumers and all else concerned.

EXHIBIT A

SPRING PIG GOAL FOR 1948 IS ANNOUNCED

A national goal of 50,000,000 pigs for the spring of 1948 was suggested to farmers today by the United States Department of Agriculture, which at the same time reemphasized its request for feeding hogs to lighter weights. This goal compares to the 1947 pig crop of 53,000,000 pigs, a reduction of 3,000,000 or nearly 6 percent.

Officials stated that much larger quantities of grain could be saved by feeding hogs to lighter weights this winter and next spring than by asking for a greater reduction in pigs to be produced next spring. They said the suggested figure is the highest level of 1948 spring pig production they believed could be justified as a goal in view of the extent to which drought cut the 1947 corn crop and considering the present and prospective needs of European nations for cereals. On the other hand, they emphasized, that with prospects for smaller output of other meats in 1948–49, pork production for that period should be maintained at as high a level as can be justified with available feed supplies.

In setting the goal of 50,000,000 pigs, the Department recognized that, in view of the present feed situation, this number is about as many as can be expected next spring, and it is not likely that a goal requesting more would be attained. Officials pointed out that 1948 spring pigs will make our pork and lard supply from October 1948 through March 1949 and will get the greater portion of their feed from the 1948 corn crop, which with average weather would be much larger than this year's crop.

1948 goals with comparisons

Livestock	1937–41 average	1942–46 average	1947 indicated	1948 suggested goal	Percent 1948 goal is of—		
					1937–41 average	1942–46 average	1947 indicated
Milk produced on farms.....mil. lbs..	107,855	119,179	120,000	120,000	111	101	100
Eggs produced on farms.....mil. doz..	3,255	4,552	4,559	4,200	129	92	92
Hens and pullets on farms Jan. 1 thous. head..	376,566	477,714	436,535	400,000	106	84	92
Chickens raised (farm produced)...do....	665,430	866,443	742,047	690,104	104	80	93
Turkeys raised (farm produced)....do....	30,636	37,162	34,667	30,507	100	82	88
Sows to farrow, spring.....do....	7,534	9,502	8,709	7,936	105	84	91
Spring pigs.....do....	46,801	59,130	53,151	50,000	107	85	94
Cattle and calves on farms Jan. 1...do....	67,488	82,114	81,050	76,352	113	93	94
Slaughter.....do....	24,643	31,390	36,000	32,000	130	102	89
Sheep and lambs on farms Jan. 1....do....	45,879	43,464	32,542	31,360	69	73	97

AMENDMENT OF THE NATIONAL HOUSING ACT

The Senate resumed the consideration of the bill (H. R. 6959) to amend the National Housing Act, as amended, and for other purposes.

Mr. SALTONSTALL obtained the floor.

Mr. MORSE. Mr. President, will the Senator from Massachusetts yield?

Mr. SALTONSTALL. I yield.

Mr. MORSE. I ask the attention of the Senator from Wisconsin [Mr. McCARTHY] to the brief comment I am about to make. I call his attention, as I did that of the Senator from New Hampshire [Mr. TOBEY], to my bill S. 2927, which deals with GI housing problems. I would say to the Senator from Wisconsin that I would appreciate it if he would examine the bill between now and the session tomorrow, because I here and now reserve the right to offer S. 2927 as an amendment to his substitute bill, as well as to the housing bill reported to the floor of the Senate by the Committee on Banking and Currency.

It will not be possible to have a hearing on my bill S. 2927 by the Committee on Labor and Public Welfare between now and the time we meet tomorrow. A meeting simply cannot be arranged because many Senators are busy on other affairs; but we can, I think, since the subject matter is covered in two substitute bills now pending before the Senate, consider it on the floor of the Senate.

The reason I shall offer the bill as an amendment is that I think that neither one of the housing bills now pending covers the points which should be covered as presented in S. 2927, because they do not, in my judgment, give to the GI's the secondary market for their paper which they must have if they are going to secure the necessary loans from the banks with which to pay for houses, or build new houses.

Mr. McCARTHY. Mr. President will the Senator yield?

Mr. SALTONSTALL. I yield to the Senator from Wisconsin.

Mr. McCARTHY. I ask the Senator from Oregon [Mr. MORSE] if he will before tomorrow morning obtain an informal expression from the Veterans' Administration or the Bureau of the Budget, or some other agency, as to roughly the amount of authorization which would be required, and roughly the total amount of loans which would be covered by the Senator's bill. I have glanced over it three times and frankly I am confused as to the effect of the bill. I am not asking the Senator to do it tonight, but if he could before the Senate convenes tomorrow obtain an expression from some of the Government agencies, either the Bureau of the Budget or the Veterans' Administration, I would certainly appreciate it.

Mr. MORSE. I assure the Senator from Wisconsin that I shall endeavor to secure the information he desires.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield.

Mr. TAFT. I have not had the privilege of reading the Senator's bill. Of course we have in the pending legislation a provision for secondary mortgages for GI loans. We are liberalizing the provision which was made during the last night of the last session. There is a danger involved in connection with this matter. There are now, counting FHA loans, something like $7,000,000,000 of mortgage paper guaranteed by the FHA or by the Veterans' Administration in the hands of the banks. We simply cannot invite the Government to take that all over. The limitation contained in our bill is $840,000,000, which goes fairly far. The Senator may think that the provisions are not quite liberal enough; yet there is serious danger that the banks will try to unload on the Government all the poorest veterans paper they have. I believe that members of the committee in both the House and Senate feel that the question must be approached with a great deal of care.

Mr. MORSE. Mr. President, will the Senator from Massachusetts yield to me?

Mr. SALTONSTALL. I yield.

Mr. MORSE. I certainly share the reservations expressed just now by the Senator from Ohio. As he knows, I being a member of his committee, we had those fears when the so-called Jenner bill was before us. However, I am advised—I hope correctly—that with some modification of lines 12 and 13 on page 28 of the bill we can meet the need for a secondary market now required by the veterans without running serious danger of having $7,000,000,000 worth of such paper dumped on the market. All I can say is that the various veterans' organizations have called to my attention the fact that the bill we passed in the closing hours of the previous session of the Eightieth Congress is not giving the veterans the relief which they need by way of a secondary market.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield.

Mr. TAFT. I think the Senator is quite correct. Of course, this provision does liberalize the terms. It doubles the number that any bank may sell.

RECESS

Mr. SALTONSTALL. Mr. President, under the order already entered, I move that the Senate take a recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 6 o'clock and 21 minutes p. m.) the Senate took a recess, the recess being under the order previously entered, until tomorrow, Friday, August 6, 1948, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate August 5, 1948:

UNITED NATIONS

The following-named persons to be representatives of the United States of America to the third session of the General Assembly of the United Nations, to be held in Paris, France, beginning September 21, 1948:

Warren R. Austin, of Vermont.
John Foster Dulles, of New York.
Anna Eleanor Roosevelt, of New York.
Philip C. Jessup, of New York.

The following-named persons to be alternate representatives of the United States of America to the third session of the General Assembly of the United Nations, to be held in Paris, France, beginning September 21, 1948:

Benjamin V. Cohen, of New York.
Ray Atherton, of Illinois.
Willard L. Thorp, of Connecticut.
Ernest A. Gross, of New York.
Francis B. Sayre, of the District of Columbia.

HOUSE OF REPRESENTATIVES

THURSDAY, AUGUST 5, 1948

The House met at 12 o'clock noon.

Rev. C. Howard Lambdin, pastor of St. Luke's Methodist Church, Washington, D. C., offered the following prayer:

Our Father, which art in Heaven, we bow in quiet reverence before Thee today as we turn our minds to thoughts of highest levels. We desire to draw closer to Thee, that we might hear Thy voice giving us encouragement and wise guidance as we begin our activities in this day's session.

Our minds get disturbed and confused with many problems—hard-to-solve problems—and with many responsibilities—difficult and trying ones to our ways of thinking—yet, dear Father, we know we can come to Thee for that extra strength which we feel we need in the turmoil of these days.

We know that if we will but trust Thee Thou wilt see us through successfully, even through the hard places which seem to grow more numerous from day to day.

We ask Thy blessing on us all, and on all the peoples of our Nation whom we seek to serve honestly and with appreciation of their confidence in us. May we strive to do our part to bring about a real peace on earth, with good will toward men of all nations, and help to establish good feeling and brotherly kindness in the earth. We pray in Christ's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Nash, one of his secretaries.

ORDER OF BUSINESS

The SPEAKER. Owing to the business before the House today, the Chair will not entertain requests for 1-minute addresses, but will receive requests for extensions of remarks.

SPECIAL ORDER GRANTED

Mr. DONDERO. Mr. Speaker, I ask unanimous consent that, after the disposition of the business on the Speaker's desk and at the conclusion of special orders heretofore granted, I may be permitted to address the House for 12 minutes today.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

EXTENSION OF REMARKS

Mr. MERROW asked and was granted permission to extend his remarks in the